FINANCIAL TIMES

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AI alarmism
Artificial intelligence fears are overdone — ANDREW MCAFEE, PAGE 11

FT Seasonal Appeal
Syria's crisis is one of the biggest humanitarian catastrophes of this century — BIG READ, PAGE 8

Canary Wharf wars
The battle for London's newest financial district — PAGE 21

1m evacuated as Philippines typhoon bites

A powerful, slow-moving typhoon ripped through the central Philippines yesterday, bringing howling winds that flattened houses and toppled trees and power lines in areas still scarred from a deadly superstorm just over a year ago, **Reuters reports.**

Officials confirmed that at least three people had died due to Typhoon Hagupit, including a resident on Samar island, killed by a falling tree.

But Hagupit did not appear to have wreaked destruction on the same scale as last year's super Typhoon Haiyan, in part because of an operation to evacuate 1m residents from coastal and landslide-prone areas before the storm hit.

Weather page 16

A resident of Samar Island battles against floodwater caused by Typhoon Hagupit yesterday — Francis R. Malasig/epa

Dollar's resurgence poses threat to emerging markets, warns BIS

Currency's strength makes indebted companies vulnerable, say global policy makers

CLAIRE JONES — FRANKFURT
SAM FLEMING — LONDON

Global financial policy makers have sounded the alarm about the impact of a resurgent US dollar on emerging markets, where companies have racked up large debts denominated in the American currency.

The Bank for International Settlements, known as the central bankers' bank, warned in its quarterly review yesterday that a prolonged rally in the dollar could expose financial vulnerabilities in emerging markets by damaging some companies' creditworthiness.

The Basel-based organisation added that there were increasing signs of fragility in financial markets, despite renewed hopes for economic growth, pointing to the stress in the $12.3tn US Treasury market that serves as the bedrock of the global financial system.

"To my mind, these events underline the fragility — dare I say growing fragility — hidden beneath the markets' buoyancy," said Claudio Borio, the head of the BIS's monetary and economic department.

The main dollar index — measuring the currency versus its biggest trading counterparts — closed at an eight-year high on Friday after a US employment report that showed 321,000 jobs had been created in November.

A stronger dollar has historically proved to be a harbinger of turmoil for the developing world, contributing to crises in Latin America in the 1980s and Asia in the 1990s.

Governments have as a result largely severed their currency pegs to the dollar, weaned themselves off foreign borrowing and bolstered central bank reserves.

However, companies in emerging markets have been borrowing heavily via the issuance of dollar securities.

The BIS said that emerging market borrowers had issued a total of $2.6tn of international debt securities, of which three-quarters were denominated in dollars.

International banks' cross-border loans to emerging market economies amounted to $3.1tn in mid-2014, mainly in US dollars, it added.

Mr Borio said: "Should the US dollar, the dominant international currency, continue its ascent, this could expose currency and funding mismatches by raising debt burdens. The corresponding tightening of financial conditions could only worsen once interest rates in the US normalise."

> 'These events underline the fragility . . . hidden beneath the markets' buoyancy'

The report also found that flows of credit across borders had risen substantially for the first time in three years.

Overseas lending rose $401bn to $30tn over the second quarter of this year. The 1.2 per cent annual rise, from June 2013 to June 2014, was the first since late 2011, and was accompanied by more lending to Asian emerging markets.

Mr Borio described the rise in lending to China by foreign banks as extraordinary, with outstanding loans to China doubling between the end of 2012 and June of this year to $1.1tn.

Briefing

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The UK financial regulator is to review its fining regime amid increasingly anguished cries from banks over the inexorable rise of penalties.— PAGE 17

▸ Milan boxes clever on traffic congestion
Milan has teamed up with an insurer, the local ATM transport network and a maker of automotive "black boxes" to offer drivers public transport vouchers if they leave their cars at home.— PAGE 17

▸ Mooted deal lifts antibiotics appeal
A mooted $8bn takeover of Cubist, the US biotech company, by Merck & Co has highlighted renewed interest from big pharma in the long-neglected market for antibiotics.— PAGE 17

▸ Sri Lankan president's lead withers
Ahead of elections, Mahinda Rajapaksa seems rattled, at least if the outpourings of Sri Lanka's state-backed media provide any indication of their president's state of mind.— PAGE 4

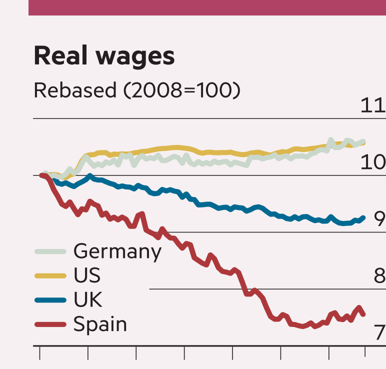
▸ Rescue mission for parched Maldives
The vulnerability of isolated regions was exposed by an accident at a desalination plant that left Malé, in the Maldives, with very little fresh water.— PAGE 3

▸ Nato worried by Russian propaganda
National intelligence agencies in the alliance point to what they say is alarming anti-Nato and anti-European rhetoric in the Russian media.— PAGE 2

▸ Dalian Wanda sets $3.9bn IPO target
China's biggest commercial property group will today seek to raise up to $3.9bn through an initial public offering in Hong Kong.— PAGE 19

▸ Uber under fire over assault claims
Uber, the taxi-hailing service, was on the defensive in India after a woman in New Delhi claimed she was sexually assaulted by a driver hired through the popular app.— PAGE 18

Datawatch



Source: Thomson Reuters Datastream

Real wages in Germany and the US have grown slightly since the financial crisis, while in the UK they have fallen 7.5 per cent. But Spain has really suffered, with real wages down by a quarter.

'Miracle' of Chile's Chicago model fades under Bachelet

For 30 years Chile has been a laboratory for free market economics, with privatised pensions and even a school voucher system designed by Milton Friedman, godfather of Chicago economics, who once described Chile's success as a 'miracle'. Yet now Latin America's most prosperous country, led by Michelle Bachelet (above), may be reversing the experiment, to the consternation of free marketeers everywhere.

Analysis ▸ PAGE 6

UN climate proposals cast a cloud over future of leading oil and gas producers

PILITA CLARK — LIMA

ExxonMobil and Shell would cease to exist in their current form in 35 years' time under measures that UN negotiators are considering for a legally enforceable global climate pact to be sealed in Paris next year.

The oil and gas such companies produce, and the coal mined by groups such as Rio Tinto, would have to be phased out by 2050 in one proposal at UN climate talks in Lima this week that aim to smooth a path to the Paris deal.

Another option would still allow such fossil fuels to be used, but only if countries could ensure "net zero emissions by 2050". In other words, all the warming carbon dioxide emissions produced when fossil fuels are burned would have to be stored underground or offset by steps such as planting vast numbers of trees to absorb the carbon dioxide.

Shell declined to respond directly but pointed to a speech by chief executive Ben van Beurden in which he said "we need to temper our expectations of a zero carbon future" because future demand for energy was so strong and renewable energy sources were unlikely to be a realistic alternative to fossil fuels for many decades.

ExxonMobil pointed to similar arguments on the company's website.

Critics have accused conventional energy companies of complacency in the face of the risks to their business model from a future climate deal. Lord Browne, the former boss of BP, said last month that they were ignoring the "existential threat" climate change posed to the industry.

Meanwhile, the Bank of England is looking into the risks fossil fuel companies might pose to financial stability if the world's proven coal, oil and gas reserves turned out to be "unburnable".

The proposals being discussed in Lima underscore the influence of an extensive assessment issued in stages over the past 15 months by scientists in the UN's Intergovernmental Panel on Climate Change, the leading global warming authority. Its latest report says emissions will have to eventually fall to near zero if the world is to avoid more than 2 degrees Celsius of warming from pre-industrial times, a threshold the IPCC says it could be risky to breach.

Dr Chris Field, a co-chair of the IPCC report on the impacts of climate change who is discussing the assessment with delegates, said: "It's exciting to see countries grappling with the honest picture of the magnitude of the challenge."

Call for urgency page 3

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World Markets

STOCK MARKETS

	Dec 5	Nov 28	%Week
S&P 500	2075.37	2067.56	0.38
Nasdaq Composite	4780.76	4791.63	-0.23
Dow Jones Ind	17958.79	17828.24	0.73
FTSEurofirst 300	1405.17	1392.70	0.90
Euro Stoxx 50	3277.38	3250.93	0.81
FTSE 100	6742.84	6722.62	0.30
FTSE All-Share	3607.25	3593.32	0.39
CAC 40	4419.48	4390.18	0.67
Xetra Dax	10087.12	9980.85	1.06
Nikkei	17920.45	17248.50	3.90
Hang Seng	24002.64	24004.28	-0.01
FTSE All World $	279.83	280.55	-0.26

CURRENCIES

	Dec 5	Nov 28		Dec 5	Nov 28
$ per €	1.230	1.247	€ per $	0.813	0.802
$ per £	1.559	1.566	£ per $	0.641	0.639
£ per €	0.789	0.796	€ per £	1.268	1.256
¥ per $	121.415	118.685	¥ per €	149.303	147.959
¥ per £	189.318	185.866	£ index	87.178	86.962
€ index	93.986	93.953	$ index	95.743	94.586
SFr per €	1.202	1.201	SFr per £	1.524	1.509

COMMODITIES

	Dec 5	Nov 28	%Week
Oil WTI $	65.64	66.10	-0.70
Oil Brent $	68.69	70.02	-1.90
Gold $	1194.00	1182.75	0.95

INTEREST RATES

	price	yield	chg
US Gov 10 yr	99.42	2.32	0.07
UK Gov 10 yr	106.44	2.02	0.03
Ger Gov 10 yr	102.05	0.78	0.01
Jpn Gov 10 yr	101.04	0.39	-0.01
US Gov 30 yr	100.34	2.98	0.04
Ger Gov 2 yr	100.40	0.00	0.00
	price	prev	chg
Fed Funds Eff	0.09	0.09	-
US 3m Bills	0.01	0.03	-0.02
Euro Libor 3m	0.06	0.06	0.00
UK 3m	0.55	0.55	0.00

Prices are latest for edition | Data provided by Morningstar

International tension

Putin causing ‘problems’, says Merkel

German leader voices concern over unease in Moldova and Georgia

STEFAN WAGSTYL — BERLIN
ROMAN OLEARCHYK — KIEV

Angela Merkel, German chancellor, yesterday delivered a sweeping criticism of President Vladimir Putin over the Ukraine crisis, warning that Russia was “creating problems” in Moldova and Georgia, and trying to make some Balkan states “politically and economically dependent”.

Ms Merkel’s comments, in a German newspaper interview, were published just as France’s President François Hollande was meeting Mr Putin in an effort to defuse tensions.

Asked about the risk of war between Russia and the west over the Baltic states, where Moscow has in recent weeks unnerved residents with military flights and other aggressive acts, the chancellor struck a reassuring tone.

“The question of war in the Baltic states does not arise,” she told Die Welt am Sonntag newspaper. “Nevertheless, Article 5 of the Nato treaty, that is the obligation of mutual support, applies to all allies.”

The interview was published yesterday, a day after Mr Hollande made an unannounced stop in Moscow for a two-hour meeting with Mr Putin at Vnukovo airport. The two leaders emerged saying they believed they could help resolve the Ukraine crisis.

Paris said yesterday that Mr Hollande later spoke on the telephone with Ms Merkel and Ukraine’s President Petro Poroshenko.

Few details of the France-Russian encounter were released but Mr Putin said afterwards: “The discussion we have [. . .] is producing some positive results.”

The contrast between the French and German approaches reflects the competing impulses within Europe as member states struggle to deal with Mr Putin. Even within national governments, there is a debate about whether to take a softer or harder line against Moscow to persuade Mr Putin to curb his support for separatist rebels in eastern Ukraine.

Mr Hollande’s visit was also shadowed by the added drama surrounding two warships the French have so far refused to deliver to Moscow because of the crisis — an awkward stance for Paris that could force the government to repay Moscow and also hurt its reputation as a military supplier.

Both Moscow and Kiev made comments over the weekend about holding talks in Minsk tomorrow to try to achieve a definitive ceasefire after repeatedly violating a pact agreed in September.

> ‘Question of war in the Baltic states does not arise’
> Angela Merkel

Even as he acknowledged “a preliminary agreement” for the Minsk talks, Mr Poroshenko warned that Ukraine remained ready to repel fresh attacks from the Russian-backed separatists.

More than 4,300 people have died since the conflict erupted last spring, including more than 1,000 since early September.

Kiev’s defence ministry reported further clashes yesterday, after the Organisation for Security and Co-operation in Europe, the security body running an observer mission in Ukraine, on Saturday reported a column of more than 100 unmarked military vehicles driving from the Russian border to Donetsk.

Additional reporting by Adam Thomson in Paris and Kathrin Hille in Moscow

Countering Russia. Mind games

Nato battles back in information war

Kremlin success at confusing the western public has left the alliance trying to catch up

SAM JONES — LONDON

A casual consumer of Russian media might conclude the western Ukrainian city of Lviv, one of the strongholds of the country’s pro-EU uprising, has been over-run by violent fascists.

So a video recently uploaded to YouTube will prove disappointing. Called “Where are all the fascists in Lviv?”, it features a correspondent walking the city’s peaceful streets, interviewing slightly bemused — decidedly unmilitant — shoppers.

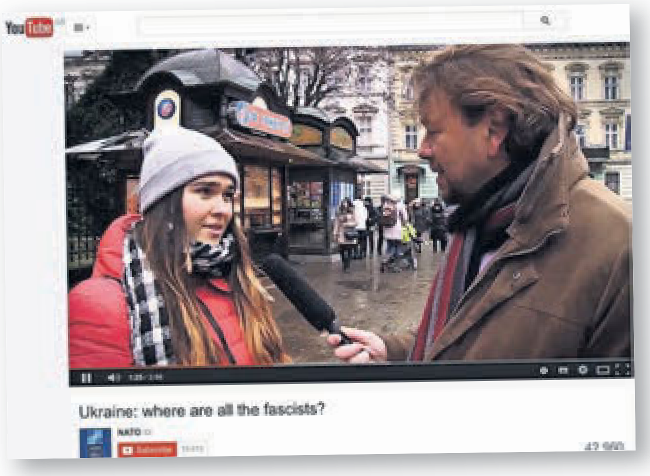
The online video was produced and published by Nato. It is a modest weapon the alliance is deploying as it seeks to fight back against a Kremlin information campaign that is posing a fresh worry for western policy makers alongside Russian bombs and espionage.

“Russia is weaponising information in this crisis,” says James Appathurai, the alliance’s deputy assistant secretary general for political affairs. “They are reaching deep into our own electorates to affect politics.”

National intelligence agencies in the alliance point to what they say is alarming anti-Nato and anti-European rhetoric in the Russian media. The Kremlin has been particularly masterful, they believe, at using a web of disinformation to generate doubt internationally over its huge military support for separatists in Ukraine.

The fear among Nato officials and western policy makers is that the Russian campaign could fatally fracture an already fragile European consensus to maintain tough economic sanctions against Moscow over Ukraine.

In Germany, for example, Chancellor Angela Merkel is contending with a large faction sympathetic to Russia’s President Vladimir Putin, whether for business or historical reasons. Other EU members also appear vulnerable to the Kremlin efforts to sow discord, particularly the impoverished former



Online video features interviews with bemused shoppers in the peaceful streets of Lviv (top) — Dreamstime

Soviet countries in southeast Europe.

“Information warfare is the spearhead of almost everything Russia is doing,” says Jonathan Eyal, international director at the Royal United Services Institute. Nato planners accept that Mr Putin “is not mad”, says Mr Eyal, and therefore unlikely to rush headlong into an armed conflict by, for example, sending tanks into the Baltics. “We are talking about dealing with a long-term propaganda campaign instead.”

Delegations from across Europe have begun meeting at Nato’s headquarters in Brussels and in national capitals to discuss the challenge. The Lviv video — what Russian agitprop practitioners would call *pokazukha*, or a propagandistic publicity stunt — is one of the fruits of those meetings.

It has garnered 40,000 views so far. Most normal Nato video uploads manage fewer than 2,000. Nato insiders say more such material should be expected in the future.

There is even talk of reviving cold war ideas, such as the UK Foreign Office’s Information Research Department, a secretive operation to feed news of Soviet misdeeds to sympathetic journalists. It was shut in 1977.

However, even national governments once well-versed in Kremlinology are still bewildered by the threat.

The recent expansion into Britain of Moscow’s international news channel RT, or Russia Today, has prompted national security discussions at some of the highest levels in the British government, say officials. Yet policy makers are at a loss when it comes to proposals to deal with the threat they perceive, particularly when no laws have been broken.

Nato is seeking to try to redress a Russian effort that it says is intended “to confuse, divert and divide”.

The alliance has also put together a website called “setting the record straight”. It is available in Russian, Ukrainian, English and French and fleshed out with dozens of documents, statements, videos and images. One section lists 25 “myths” about the alliance coupled with “factual” rebuttals.

Perhaps most significantly, the alliance has begun to co-ordinate “messaging” among its members, a senior official said.

While Nato has joined the information war, many in the alliance acknowledge its efforts are still in their infancy, particularly when set against a vast Russian campaign.

Mr Appathurai says: “There are 20 or so people in Nato’s public diplomacy team who are at work trying to counter an organised, multi-faceted, well-funded Russian operation that is going on across the world.”

GLOBAL INSIGHT
EUROPE

Tony Barber

Ageing Europe needs new blood to restore its economic health

In a Europe defined by ageing societies, shrinking workforces and stagnant living standards, immigration is both a partial economic solution and a political problem in its own right. Immigrants and their effect on labour markets and welfare systems are sure to be electrically charged themes in next year’s British general election, and will shape political debate elsewhere, from the Nordic states to Greece.

A European Commission report includes forecasts for immigration and population growth up to 2060 that look set to add fuel to these fires. That these estimates are the work not of politicians with axes to grind but of non-partisan EU specialists, serves in principle to enhance their credibility.

Data released on November 27 by Britain’s Office for National Statistics show that net migration to the UK surged to 260,000 in the 12 months ending June 2014. This unexpectedly high figure emerged after the anti-EU, anti-immigrant UK Independence party stunned the ruling Conservatives by scoring its second parliamentary by-election victory in less than two months.

Latest opinion polls suggest Ukip may capture 14-18 per cent of the vote and seize third place in the next general election. Rightly or wrongly, this rightwing populist party takes the view that one of its trump cards will be public unease with perceived high immigration levels.

Did the commission’s report, which predicts that net migration into the UK up to 2060 will amount to more than 9m people, slip beneath Ukip’s radar? If so, perhaps it was because the study goes under the flavourless title of “The 2015 Ageing Report: Underlying Assumptions and Projection Methodologies”. Be that as it may, the commission’s forecasts deserve attention.

> The EU will in 2060 have only two working-age people for every person aged over 65

Net migration into the EU up to 2060 will total 55m people, the report predicts. Almost 70 per cent will go to just four of the EU’s 28 member states: 15.5m to Italy, 9.2m to the UK, 7m to Germany and 6.5m to Spain.

If these forecasts are accurate, the political influence of immigration will reverberate well beyond the UK. Support for Italy’s Northern League, an anti-immigrant party close in spirit to Ukip, is spreading south of its strongholds above the Po valley. Anti-immigrant movements are less visible in Germany and Spain, but they are fixtures of the political scene in Austria, France and the Netherlands.

The commission makes no predictions about where the tens of millions of immigrants will come from. But it points out Africa’s share of the world population is forecast to rise to 28 per cent in 2060 from 15 per cent in 2010. It predicts that Europe’s share of the total will fall to 5 per cent from 7.2 per cent, despite net migrant inflows.

Overall, the EU’s population is forecast to rise to 523m in 2060 from 507m last year. Of particular interest are the predictions for individual countries. The UK will become the EU’s most populous country, rising to 80.1m from 64.1m. France will go up to 75.7m from 65.7m, but Germany will decline to 70.8m from 81.3m.

If the UK stays in the EU, and if Scotland does not secede, the British will have the greatest relative weight in the bloc — to be translated, for example, into more European Parliament seats. However, this extra weight will be thanks partly to the arrival of millions of immigrants to UK shores.

Various assumptions for each EU member state underlie the commission’s estimates — about birth rates, life expectancy and the evolution of labour markets. Arguably, the report’s most important conclusion is that European societies are ageing so fast that, even with high net inward migration, the EU will in 2060 have only two working-age people for every person aged over 65, instead of four working-age people as is the case now.

Such a sobering estimate makes it clear why immigration seems more of an economic necessity than a political choice. Perhaps Ukip should arrange, over the next four months, for a copy of the commission’s report to be dropped on every British voter’s doorstep.

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Generational strain

Political upstart challenges Germany’s greying leadership

STEFAN WAGSTYL — BERLIN

Jens Spahn is known in Germany as a young politician in a hurry. This week he plans to use the annual party conference of Chancellor Angela Merkel’s CDU party to challenge his elders.

The 34-year-old is standing for a place on the CDU’s ruling council against a party stalwart, the 53-year-old health minister Hermann Gröhe, in a contest that is crystallising the generational tensions in German politics.

Mr Spahn has cast his bid as a chance for youth in a party dominated by older members and a country where older voters have a disproportionately big voice.

“It is the job of politicians to make the right decisions so that the younger generation will have the same opportunities as their parents and grandparents,” he says.

His push comes at a time when the CDU-led government is implementing the biggest handout to older voters in years, including a cut in the pension age to 63 for certain long-serving workers and extra pension rights for older mothers. Mr Spahn’s candidacy for one of the seven elected seats on the CDU’s 16-member body, which features Ms Merkel and other party leaders, is itself a challenge to the status quo. So well do CDU managers usually organise party affairs that the last contested ruling council vote was in 2008.

It should be no surprise that Mr Spahn is jumping into the breach. He was a young Christian Democrat at 15 and an MP at 22. An economic liberal and openly gay Roman Catholic, he has combined a platform of lower taxes and less red tape with support for same-sex marriage.

Knowing how much the party — and Ms Merkel — value consensus, he has avoided presenting himself as a troublemaker. Speaking of intergenerational issues, for example, he says: “It is also important for older people that something is left for their children and grandchildren.” His election bid is backed by Wolfgang Schäuble, the 72-year-old finance minister.

Mr Spahn insists Germany is doing well under Ms Merkel but “the party needs to consider what it will do in 2021 and that is the discussion I want to lead in the CDU”.

The numbers bear him out. In last year’s parliamentary elections, 43 per cent of CDU voters were over 60, the most of any party, and only 16 per cent were under 35. Social democrat and far-left Linke voters were only slightly more youthful. Of the big parties, only the Greens stand out, with 25 per cent of their votes from the under 35s.

Due to falling birth rates, the old outnumber the young in Germany, with twice as many people over 60 as under 30. The seniors are far more likely to vote — with a participation rate of about 80 per cent in the 2013 election. Little wonder that politicians distribute pensions increases.

Jens Spahn has a platform of lower taxes and less red tape with support for same-sex marriage

For Mr Spahn, it is not just about social fairness but about economic change. He says there is too little debate about “Germany’s biggest challenge” — the digital revolution spearheaded by the younger generation. How much immediate resonance this will have outside the conference hall may be moot. With Ms Merkel in charge, the country has weathered the global financial crisis relatively well. Why worry about politics, ask many young Germans? Indeed, there has been barely a peep of protest from young voters so far about the pensions reforms.

The intergenerational conflicts of Germany’s postwar past, notably in the 1960s and 1970s when many youngsters appalled by their parents’ politics joined radical groups, have faded.

“Young people today have close links with their parents. They often rely on parents to get money and jobs,” says Klaus Hurrelmann, a professor at Berlin’s Hertie School of Governance, who believes there has been “no emotional conflict” between generations for more than 20 years. But the stage for such a conflict may be set with an expected mushrooming of pension and health-care costs. “Politicians will have to respond,” Prof Hurrelmann says.

Mr Spahn may be a bit ahead of his time. But demography appears to be on his side.

INTERNATIONAL

Lima conference

Call for urgency in climate talks as oil tumbles

Fear lower prices may encourage nations to cut renewables investment

PILITA CLARK — LIMA

The tumbling price of oil underlines the urgency of agreeing an international global warming treaty, the minister presiding over this week's UN climate negotiations in Lima has warned.

"The price of oil can create difficulties in this process if we don't move quickly," said Manuel Pulgar-Vidal, the Peruvian environment minister in charge of the two-week UN conference. The meeting of delegates from more than 190 countries opened today as oil prices hit a five-year low after Opec nations decided not to cut production.

A prolonged dip in prices has the potential to encourage the use of petrol-guzzling cars and other sources of greenhouse gases that countries aim to curb in a global climate deal in Paris at the end of next year.

Low crude prices could also put pressure on countries to cut investments in renewable energy generation and low-emission projects, Mr Pulgar-Vidal said.

That makes it all the more important for Lima to set the ground rules for the emissions-cutting pledges each country is due to make before the Paris meeting, he added.

"They [the pledges] are a mechanism that can avoid any change in what the country has already agreed, even if the oil price changes," Mr Pulgar-Vidal said.

UN climate official Christiana Figueres played down any suggestion that low prices could lead to cuts in renewable energy investments.

"We're all old enough to know that oil prices go up and down," she told reporters. "The fact that oil prices are so unpredictable is exactly one of the main reasons why we must move to renewable energy, which has a completely predictable cost of zero for fuel."

Some energy analysts say the effect of lower oil prices on emissions is likely to differ around the world.

"Lower oil prices feed through into higher demand much more quickly in the US than anywhere else as retail prices there are much more exposed to the wholesale price," said Mark Lewis of Kepler Cheuvreux, a European financial services company.

> 'Energy companies have to diversify. They have been far too slow . . . They've been missing the boat'

"Overall, I don't think lower oil prices will have a sustained, meaningful impact on emissions as we expect prices to rebound in the second half of next year, although we think they could go lower before that."

In Lima, another development in the energy sector this week provoked almost as much speculation as oil prices: the move by Germany's biggest power utility Eon to spin off its fossil fuel and nuclear generation business and focus on renewables.

Niklas Hohne of the New Climate Institute research group said Eon's decision was a clear sign of the result of Germany's *Energiewende* switch to renewables. "Energy companies have to diversify," he said. "They have been far too slow in the past. They've been missing the boat."

Ms Figueres said Eon's move was likely to be followed by other energy companies as boards began to understand the threat to their assets posed by policies to reduce greenhouse gas emissions.

Interview. Gina McCarthy

US watchdog chief backs China accord

Head of EPA brushes away Republican concerns that agreement is too one-sided

BARNEY JOPSON — WASHINGTON

The US environmental watchdog has defended a climate deal with China that Republicans have attacked as one-sided, saying both Beijing and Washington will have to make "difficult adjustments".

The world's two biggest greenhouse gas polluters signed the agreement to curb emissions last month, but Republicans say it imposes too many obligations on the US and too few on China.

Gina McCarthy, head of the US Environmental Protection Agency, rejected the criticism, saying Beijing's commitment to ensure Chinese emissions peak by around 2030 demands that the central government takes immediate action to pull reluctant provincial governments into line.

"They are going to have to make really difficult adjustments to their entire economic structure and policy structure to be able to make that happen," she said in an interview with the Financial Times. "This is a huge challenge for them and it's one I certainly never envisioned they would embrace.

"I think people who are unfamiliar with [the US-China deal] may look at it as being disproportionate. I don't think so."

Her comments highlight how efforts to tackle global warming depend partly on the world's two largest economic powers managing tensions between central and regional governments.

Beijing's weak environmental bureaucracy faces constant battles with local leaders who have historically been told to prioritise economic growth above environment concerns, political analysts say.

Ms McCarthy, who was appointed in 2013 to help make curbs on climate change part of Barack Obama's legacy as president, faces her own regional challenges at home.

Her agency is being sued by 12 US states that oppose plans to cut greenhouse gas pollution from the power sector, which accounts for 40 per cent of the country's emissions. A total of 17 state attorneys-general have declared the proposals illegal.

The regulations are central to the US's ability to meet its own commitments to emit 26-28 per cent less greenhouse gas in 2025 than it did in 2005.

But energy companies and industry groups say the EPA chief is forcing job-killing changes in the way the US generates its electricity by waging a "war on coal". Their Republican allies have vowed to thwart her once they take control of Congress in January.

Ms McCarthy said that given the costs of climate change — whose danger to property and infrastructure was thrown into sharp relief by Superstorm Sandy in 2012 — the most expensive thing the US could do was nothing. "This isn't about losing our competitive edge, it's about gaining it."

Speaking from a sofa in her capacious wood-panelled office amid a flurry of environmental diplomacy — the latest round of UN climate negotiations are under way in Lima — she did not use the language of heavy-handed statism. Instead, she talked about cost efficiencies and market logic.

The EPA was not a bully pushing companies around, she said. It is more like an usher, using its rules to "signal" where the energy market is heading: to a "low carbon" system built on renewable power and other sources that do not belch out planet-warming carbon dioxide.

"What EPA always tries to do is to make sure that the costs [caused by carbon and other pollutants] shouldn't get lost in business decisions and shouldn't get lost in our government decisions," she said.

A small number of big companies, she noted, were already making long-term decisions that assumed CO_2 emissions would carry a price in the future.

"What is the matter with government acting like a business and incorporating those same choices, those same costs?" she said. "Isn't that what people want us to do?"

Ms McCarthy talked most enthusiastically about renewable energy. She noted that since Mr Obama took office, US use of wind power had tripled and solar generation had increased 10-fold. Between them, however, the two energy sources respectively produced only 4 per cent and 0.2 per cent of the country's electricity last year.

The EPA's climate plans will spur more investment by signalling that renewables have a place in the future, said Ms McCarthy. "We're regulating to provide certainty to markets."

"States have an opportunity to envision [a] future that's not bounded by capital expenditures we made 40, 50 and 60 years ago," she added. "It should be: where are the jobs today and tomorrow? Not: where were the jobs 60 years ago?"

The watchdog has until June 2015 to finalise the power sector rules.

Asked if any changes she makes in the months to come could please Republican opponents, she said: "If they're interested in protecting folks from climate change and reducing pollution and keeping the economy growing, they ought to."

A fossil-fuel power plant in the US. Ms McCarthy has been accused by energy companies of waging 'war on coal' — Luke Sharrett/Bloomberg

Profile

McCarthy sees no need for political division

Gina McCarthy, 60, says climate change should not be a divisive political issue – and points to the evidence of her own career to make the point.

Before joining the Environmental Protection Agency as an assistant administrator in 2009, she worked as a state environmental regulator and five of her six governor bosses were Republicans.

Among them was Mitt Romney, then governor of Massachusetts. "There isn't a Republican or a Democrat that doesn't want clean air or clean water," says the straight-talking EPA chief in her strong Boston accent.

In 2013 she was appointed to the EPA's top job. Earlier in life she studied social anthropology at the University of Massachusetts and once said: "The study of primitive culture was the best education I could have for working in government."

> 'This isn't about losing our competitive edge, it's about gaining it'
> Gina McCarthy, below

Indian Ocean

Neighbours rally to help Maldives in water crisis

VICTOR MALLET — NEW DELHI

The vulnerability of ever-growing populations in isolated regions was exposed at the weekend by an accident that left Malé, capital of the Maldives in the Indian Ocean, without water.

Neighbouring India has responded to urgent pleas for help from Malé and begun sending hundreds of tonnes of drinking water both by military transport aircraft and by ship to supply the city. China and Sri Lanka quickly followed suit. Delhi also sent spare parts and engineers to help with repairs.

The crisis began when a fire damaged cables and controls at Malé's only desalination plant, leaving 100,000 inhabitants, about a third of the country's population, without water.

President Abdulla Yameen, who was obliged to return home from a private visit to Malaysia, urged people to remain "patient and united, while working with the government to resolve the national crisis brought on by the fire that broke out at the Maldives Water and Sewerage Company".

The densely populated group of more than 1,000 atolls south west of Sri Lanka and India, has taken off as a tourist destination and scuba-diving centre since the 1970s, and tourism accounts for about a third of gross domestic product.

But the coral islands and reefs — on average the land is just 1.5m above sea level — are vulnerable to climate change and dependent on imported resources such as food and water. The mostly Muslim population has been growing fast and already exceeds 300,000.

In 2009, Mohammed Nasheed, then president, held an underwater cabinet meeting in scuba gear to publicise the dangers of global warming and rising sea levels to his low-lying country.

Like many cities in the Gulf states, Malé makes its water supplies through a costly and energy-intensive process of distilling seawater. Another method of desalination is to force water through a membrane in reverse osmosis plants.

India also sent navy ships with fresh water supplies and reverse osmosis equipment to the islands.

China, which is competing with India for influence in the Indian Ocean, said yesterday it was sending a military vessel with 960 tonnes of water and had sent 20 tonnes of bottled water on two civilian flights on Saturday.

According to local media in Malé, the government has set up water distribution centres. Large queues formed to allow people to receive two 1.5 litre bottles of drinking water per person.

Maldivian Democracy Network, a human rights group, criticised the government's preparedness, calling for it to learn the lessons of the accident and "come up with a back-up plan for Malé and other islands".

Health crisis

Pentagon joins forces with Mekong region states to combat drug-resistant malaria

MICHAEL PEEL — BANGKOK

The US military is throwing its weight behind a campaign to prevent drug-resistant malaria spreading from southeast Asia to Africa and triggering an international health crisis.

The Pentagon has joined forces with countries across the Mekong region in an effort to staunch a strain of the mosquito-borne disease that sprang up in remote and conflict-prone regions and is now lapping against the India border.

Health experts, including a US admiral, will meet in Washington today for a conference to tackle a quiet menace that could put millions of people at risk, debilitate economies and undo the gains that have been made in the fight against malaria over the past decade.

"Efforts to control malaria globally are threatened by what's going on in the Mekong region," said J Stephen Morrison, senior vice-president at the Center for Strategic and International Studies, the host of today's meeting.

"Some of these areas can only be accessed by the armed forces, so it's not going to be possible to get control over the spread of resistance without an active military contribution and co-operation."

Global attention has focused this year on the Ebola crisis in west Africa but the Washington conference is a reminder of one of the most enduring public health threats facing the developing world.

A multibillion-dollar international effort has reduced the number of deaths from malaria since 2000 by 42 per cent, but the disease remains one of the world's biggest killers, responsible for 627,000 deaths in 2012 — mostly among children in Africa.

The World Health Organisation has warned that the progress of the past 15 years would be imperilled with "dire" consequences if the drug-resistant strain of the disease spreads beyond southeast Asia.

Rear Admiral Colin Chinn, US Pacific command surgeon, and Major General Vu Quoc Binh, director-general of the military medical department of the Vietnam People's Army, are due to attend today's meeting, along with civilian representatives from the anti-malaria programmes of Thailand and Myanmar.

The US Pacific Command and the US armed forces health surveillance centre met representatives from six southeast Asian partner countries in Cambodia in August, in a joint initiative with organisations including the Global Fund to Fight Aids, Tuberculosis and Malaria, the Bill and Melinda Gates Foundation and the World Health Organisation.

Military forces in the Mekong region are also seen as crucial in the fight against drug resistance, both because they have the logistics to reach the remote areas where the mutating plasmodium parasite is flourishing and because soldiers themselves can potentially spread resistance in their own countries and on UN missions overseas.

"The militaries are very important because they are big potential vectors of resistance, as are Chinese construction workers and so on," said Nicholas White, chairman of the Wellcome Trust Southeast Asian Tropical Medicine Research Units.

Resistance to the main artemisinin group of malaria treatments, which are derived from a Chinese grass used in traditional herbal medicines, emerged more than seven years ago in Cambodia.

Experts say the latest bout of resistance is the more serious because there is no treatment in sight.

Global health funders have responded by launching a programme to eliminate falciparum malaria, the lethal form of the disease, in Mekong region hotspots, although the obstacles to doing so are large.

Additional reporting by Andrew Ward in London

Sri Lanka president looks rattled as poll approaches

Rising prices and unpopular leadership style are hurting Rajapaksa

JAMES CRABTREE — COLOMBO

Mahinda Rajapaksa seems rattled, at least if the outpourings of Sri Lanka's state-backed media provide any indication of their president's state of mind.

Having called a snap election last month, Mr Rajapaksa looked like he would cruise to a third term. The south Asian island's economy is purring along, with growth near 8 per cent this year. Inflation and unemployment are low. Mr Rajapaksa is still admired for his 2009 triumph over Tamil separatists in Sri Lanka's civil war. Even his personal astrologer is said to have judged an early poll auspicious.

These predictions have proved far from accurate. Defections have hit the ruling party in recent weeks. The opposition appears to be getting its act together. In response, government-controlled media have stepped up their rhetoric: Mr Rajapaksa's opponents are simply acting as pawns in "foreign conspiracies that seek to destabilise this country", as one government minister put it.

Such fanciful talk aside, the election on January 8 will be watched abroad. The island is often described as an important "swing state" in an era of Asian geopolitical competition, its loyalties divided between east and west.

The US is gearing up to censure Sri Lanka again at the UN early next year over its lackadaisical approach to investigating allegations of wartime atrocities. Neighbouring India, meanwhile, frets about its deepening ties to China, which has bankrolled a postwar infrastructure boom.

Both Washington and New Delhi may therefore quietly favour change, a prospect analysts now say is possible. "This looks like a real contest," says Paikiasothy Saravanamuttu of the Centre for Policy Alternatives think-tank in Colombo, the capital. "They aren't as popular as they thought and so it will be a close-run thing."

Three factors explain the unexpectedly tight race, starting with the economy. Sri Lanka's growth is undeniably impressive, as are the many roads, ports and rail lines that now dot the island. But voters also complain about costly staples, including food and cooking fuel, while accusations of government corruption abound.

Long derided as feckless and fragmented, a resurgent opposition is the second factor. Its parties have managed to unite behind Maithripala Sirisena, a minister who defected unexpectedly from Mr Rajapaksa's government in November. Rural and plain-spoken, Mr Sirisena appeals to the same voters in Sri Lanka's majority Sinhalese Buddhist heartlands who propelled Mr Rajapaksa to victory in 2010, making him a formidable opponent.

Behind these there lies a third factor, namely an antipathy towards Mr Rajapaksa's style of government. In particular, frustration has grown over his family-dominated regime, where his brothers and eldest son hold powerful posts.

"The old guard in the president's party has been cut out of the loop and, frankly, also the loot. And they seem to have had enough," says one western diplomat of recent defections. Instead, the opposition has backed plans to scrap Sri Lanka's presidency, promising to reintroduce a British-style parliamentary democracy within 100 days of victory.

Achieving that goal means first beating Mr Rajapaksa, which will not be easy. A folksy politician and formidable campaigner, posters bearing the president's smiling face already beam down from road junctions across the country.

A recent giveaway budget, packed with promises of lower taxes and cut-price motorcycles, could win back some voters, too.

While most analysts say Mr Rajapaksa remains favourite to win, the electoral arithmetic still looks challenging. With little support among the island's disgruntled Tamil and Muslim minorities, the president must win handsomely among the Sinhalese, who make up two-thirds of its population of 21m.

Loyalist say voters will ultimately recognise Sri Lanka's progress, which will see it reach middle income status next year, with per capita gross domestic product rising above $4,000. Concerns that the regime might cling to power in the event of a defeat are dismissed.

"Sri Lanka has had several recent occasions when its government has changed," says Ajith Cabraal, head of the central bank. "Every time we have seen it, it has been a smooth transition."

However, other people seem more worried that, facing its closest election in more than a decade, this island known for its peaceful beaches may be heading for a period of tumult.

"There is a serious concern about what happens if they lose," says Rajith Tennakoon, head of the Campaign for Free and Fair Elections, a monitoring body. "We've already had a number of violent incidents. We are going to have to be careful."

> 'There is a serious concern about what happens if they lose'
> Rajith Tennakoon

Mahinda Rajapaksa, on a visit to Israel, above, and with China's President Xi Jinping in Colombo, below, is favourite to win the election
Gali Tibbon/AFP/Getty

Israel elections

Parties discuss joining forces to oust Netanyahu

JOHN REED — JERUSALEM

Israel's centrist and left-leaning parties are in early talks on joining forces in an effort to deny Benjamin Netanyahu a fourth term as prime minister after next year's snap election.

Labour, Israel's largest centre-left party, has approached Tzipi Livni, the former justice minister, offering to merge with her small centrist Hatnua party and run on a joint ticket in the March 17 vote, forming what they hope would be the core of a new coalition.

"We have to create a big coalition against Netanyahu after this election — a coalition that says no to Bibi," said Stav Shaffir, a Labour MP, on Sunday.

Former finance minister Yair Lapid's centre-right Yesh Atid is also in talks with Ms Livni's party and others to position itself in a future government that would exclude Mr Netanyahu.

"All of the players outside of the right recognise that there is a need to unseat Netanyahu," said Dov Lipman, a Yesh Atid MP. "We believe that Yair Lapid is best positioned to be the next prime minister and create that coalition, given the fact that he's right in the middle of the political map."

Mr Netanyahu sacked Mr Lapid and Ms Livni last week after feuding with them over economic and security policies and a controversial bill declaring Israel a "Jewish state", accusing them of seeking to mount a coup against him. The move ended what will have been one of the briefest government terms in Israeli history.

The house committee of Israel's Knesset will formally meet today to approve the parliament's dissolution, paving the way for the vote. The election comes at a time of rising tensions in Israel after the conflict with the Palestinians escalated into violence in last summer's war in the Gaza Strip and a recent bout of deadly unrest in Jerusalem.

Mr Netanyahu, whose personal popularity rating has fallen sharply in polls taken since the Gaza war, is seeking to shore up his own alliances on the right. Opinion polls indicate that the prime minister's rightwing Likud party will gain the largest number of seats in the election, followed by the far-right Jewish Home party of Naftali Bennett, the economy minister.

However, a recent poll found that 60 per cent of Israelis surveyed did not want Mr Netanyahu as their next prime minister. Mr Netanyahu faces a potential leadership challenge from inside Likud in a party primary scheduled for January 6.

The prime minister, a wily political operator, has tacked to the right as his coalition with Yesh Atid and Hatnua splintered in recent months and he faced criticism from Likud hawks opposed to any peace deal with the Palestinians. The most recent round of US sponsored peace talks collapsed in April.

> 'All of the players outside of the right recognise that there is a need to unseat Netanyahu'

Speaking at a conference in Washington this weekend, Mr Bennett said he and Mr Netanyahu had agreed to refrain from attacking each other during the upcoming campaign and that they intended to form a "strong national bloc" after the vote.

Centrist and leftist parties in Israel have previously tried and failed to band together, most recently in the lead-up to the January 2013 election.

Moshe Kahlon, a former communications minister who led a popular reform of the mobile phone industry, is expected to emerge as a new middle-of-the-road political force, with a projected 13 seats in the 120-seat Knesset.

Environment Mayor of Paris vows to ban diesel vehicles

ADAM THOMSON — PARIS

Paris's leftwing mayor has thrown down the gauntlet to motorists, promising to restrict cars in the historic centre and ban diesel-run vehicles throughout the city by 2020.

In an interview yesterday, Anne Hidalgo said that she would limit the use of cars in the capital's four central *arrondissements* to create a large "semi-pedestrian" zone.

"Apart from bikes, buses and taxis, the only vehicles allowed will be residents' cars, delivery vehicles and emergency vehicles" in the four districts, she told the Journal du Dimanche.

Ms Hidalgo said the measure would be phased in on weekends and later extended to weekdays — though there is as yet no fixed date.

The plans are the most aggressive move yet by Paris's government to declare war on rising levels of pollution in the city of light. In March, authorities were caught out as pollution reached levels twice those considered safe.

The city responded by restricting the circulation of vehicles and making the Metro free of charge. But Ms Hidalgo said she wanted to go further: "I want diesel cars out of Paris by 2020."

Ms Hidalgo, who was born in Spain and in March became Paris's first woman mayor, also said she intended to limit vehicles on such as the perennially congested Champs-Elysées and the Rue de Rivoli, which runs by the Louvre museum and the Tuileries.

One possibility was to restrict these routes to "clean" vehicles such as electric-powered cars.

Ms Hidalgo campaigned this year on a pledge to pedestrianise the Avenue Foch, turning one end into a park and the other end, close to the Arc de Triomphe, into a promenade.

The plan has gone down badly with the avenue's billionaire residents — many from Russia and the Gulf states.

Paris introduced its Autolib' electric car-sharing service at the end of 2011 in an effort to reduce the number of private cars and address pollution.

Ms Hidalgo also announced a €100m programme to encourage the use of bicycles. She said the project would double the number of cycle lanes in the city by 2020.

In January, Ms Hidalgo €8.5bn of spending, €1.5bn of which will go to public transport and another €1bn on transforming Paris into a wireless, "smart" city.

Detention

US transfers six Guantánamo Bay prisoners to Uruguay

MEGAN MURPHY — WASHINGTON

The US has transferred six detainees from Guantánamo Bay to Uruguay, the first prisoners from the facility to be sent to South America.

The transfers announced early yesterday by the Department of Defense — four Syrian men, one Tunisian and one Palestinian — will leave 136 detainees in the military complex in Cuba, down from just under 800 in its early days, as President Barack Obama edges closer to his goal of shutting down the facility.

"The United States is grateful to the government of Uruguay for its willingness to support ongoing US efforts to close the Guantánamo Bay detention facility," the Pentagon said.

"The United States co-ordinated with the government of Uruguay to ensure these transfers took place consistent with appropriate security and humane treatment measures."

Guantánamo Bay has long been assailed by human rights groups over the conditions prisoners are detained in, following claims of torture and abuse, and the US policy of holding many of its inmates for years without charge in a facility originally constructed only for short-term detentions.

However, the Obama administration has struggled to convince other nations to agree to accept prisoners from the facility.

Uruguay's outgoing leftwing president, José "Pepe" Mujica, had originally agreed to resettle the six transfers last March, a decision said at the time to be based in part on his own personal history. Mr Mujica spent 14 years in jail in brutal conditions in the 1970s and 1980s as a leader of the Tupamaros guerrilla group, including more than a decade in solitary confinement.

However, the deal stalled ahead of Uruguay's presidential elections in October and November, with polls showing that accepting detainees was not popular among voters.

This weekend's transfer involved the largest single group of prisoners since 2009.

One of the men, Syrian Jihad Diyab, is a plaintiff in a federal lawsuit challenging the practice of force-feeding Guantánamo Bay inmates who have chosen to go on hunger strike to protest against their detention.

The five other men are Ahmed Adnan Ahjam, Ali Hussain Shaabaan, Omar Mahmoud Faraj, Abdul Bin Mohammed Abis Ourgy and Mohammed Tahanmatan, according to the Pentagon.

There are still 136 prisoners being detained in Guantánamo Bay

While this weekend's transfer was delayed by several months, it is an important milestone for Mr Obama's renewed efforts to close the facility.

Together with five low-level inmates who were moved to eastern Europe last month and two other recent transfers, it brings the total number of prisoners transferred since November to 13, after the process ground almost to a halt for much of 2014.

"We are very grateful to Uruguay for this important humanitarian action," said Clifford Sloan, Mr Obama's state department envoy on Guantánamo, who negotiated the resettlement deal last January.

"The support we are receiving from our friends and allies is critical to achieving our shared goal of closing Guantánamo."

The Uruguay resettlement announcement comes two weeks after the abrupt resignation of US defence secretary Chuck Hagel, amid widespread speculation that his resistance to accelerating transfers from the facility had exacerbated tensions with the White House.

Ideological debate

Chile business sees 'ghost' of Allende in free market reforms

Government concerned that rise in prosperity has brought more inequality

JOHN PAUL RATHBONE — SANTIAGO
BENEDICT MANDER — BUENOS AIRES

For 30 years Chile has been a laboratory for free market economics, with privatised pensions and even a school voucher system designed by Milton Friedman, the godfather of Chicago economics, who once described Chile's success as a "miracle".

Yet now Latin America's most prosperous country may be reversing the experiment, to the consternation of free marketeers everywhere. On a recent visit to Santiago, the capital, Niall Ferguson, the British historian and a darling of the political right, said Chile used to be the region's "most intelligent country" but now may be "beginning to exercise its right to be stupid".

Carlos Alberto Montaner, a Hispanic columnist, wrote a strident comment last month saying Chile's emphasis on economic freedom and civil society "used to be a guiding lighthouse . . . To lose that hurts everyone."

The reason for their concern is the administration of centre-left president Michelle Bachelet. Over the past eight months it has unleashed 70 reforms, including an $8bn tax increase to fund an educational reform that seeks to expunge market incentives from state schools, and eventually health and pensions too.

"The aim is to create the first post neoliberal welfare state," says Fernando Atria, co-author of *The Other Model* and an intellectual who is close to the government. "It is a system that recognises the problems of the old welfare state, but also the price that is paid for correcting that with neoliberal solutions, namely inequality."

As balancing prosperity with inequality has become a concern for the developed world, Chile's latest economic experiment also remains of global interest, despite the country's small $350bn economy and population of only 17m.

The snag is that many fear the anti-market methods promoted by Ms Bachelet, whose presidency follows that of billionaire businessman Sebastián Piñera, could break Chile's so-called "model".

This has slashed poverty rates from 60 per cent to 9 per cent, among the lowest in Latin America, but at the cost of unequal income distribution, among the region's worst.

"I assume Ms Bachelet wants to be a successful president, but the multitude of her reforms and their character have dashed confidence and brought so much uncertainty that nobody wants to invest," grumbles Andrés Santa Cruz, a businessman, who criticises the poor drafting of the latest tax code, which increases corporate taxes to 27 per cent from 20 per cent.

"These tax uncertainties alone make it impossible for companies to calculate rates of return on new investments," he adds.

In principle, almost everyone agrees that investing more in education makes sense, as it could help build human capital and see Chile advance out of "middle income status" and into the ranks of the developed world.

Face-off: a protester wearing a mask of President Michelle Bachelet joins teachers in Valparaíso city asking for a pay rise last month
Rodrigo Garrido/Reuters

However, banning students from using vouchers to attend for-profit schools, and prohibiting schools that receive public subsidies from receiving top-up payments from parents, also goes against the market-based system. That has startled Chile's close-knit and conservative business class, which fears the return of statist policies once endorsed by socialist president Salvador Allende in the 1970s.

"You can feel the past lying heavy on the country," says one foreign investor with experience of the country. "Everywhere, there are ghosts."

Compounding the uncertainty is that the reform drive coincides with the end of a commodity boom that has seen the price of copper, which makes up half of Chilean exports, shrink 12 per cent this year. In the third quarter, economic growth collapsed to 0.8 per cent, from almost 5 per cent a year ago, while investment contracted 10 per cent.

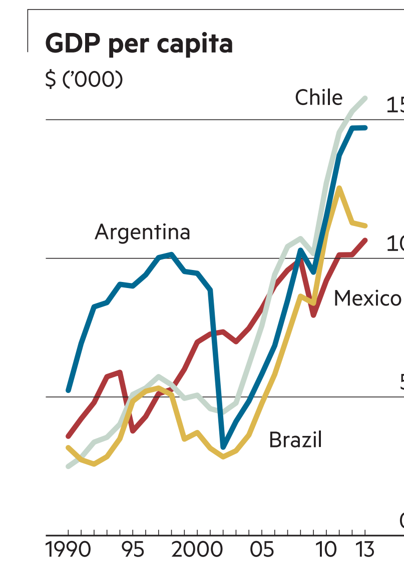
Amid the abrupt slowdown, critics joke that Ms Bachelet's unwieldy coalition — "The New Majority" — is much like Christine Lagarde's "New Mediocre", as the head of the International Monetary Fund recently described the world economy. Certainly, business confidence has fallen in the gloomy atmosphere, while Ms Bachelet's popularity has plummeted to 42 per cent from 58 per cent in June.

For many outside observers, though, the poisonous debate about the "end of Chile's miracle" is a storm in a teacup. Foreign companies continue to plough money into Chile. This year, Abbott Laboratories of the US spent $3.4bn buying local company CFR, while Itaú, Latin America's biggest bank, diversified outside Brazil with the $2.2bn purchase of Corpbanca. Moreover, education reform is funded by tax increases, unlike the social policies of regional spendthrifts such as Argentina or Venezuela. That should ensure macroeconomic stability, in principle. The macroeconomy has also responded to the end of the commodity cycle. "Chile is the only Latin American country that has started a sound external balance adjustment," Bank of America Merrill Lynch wrote in a research note.

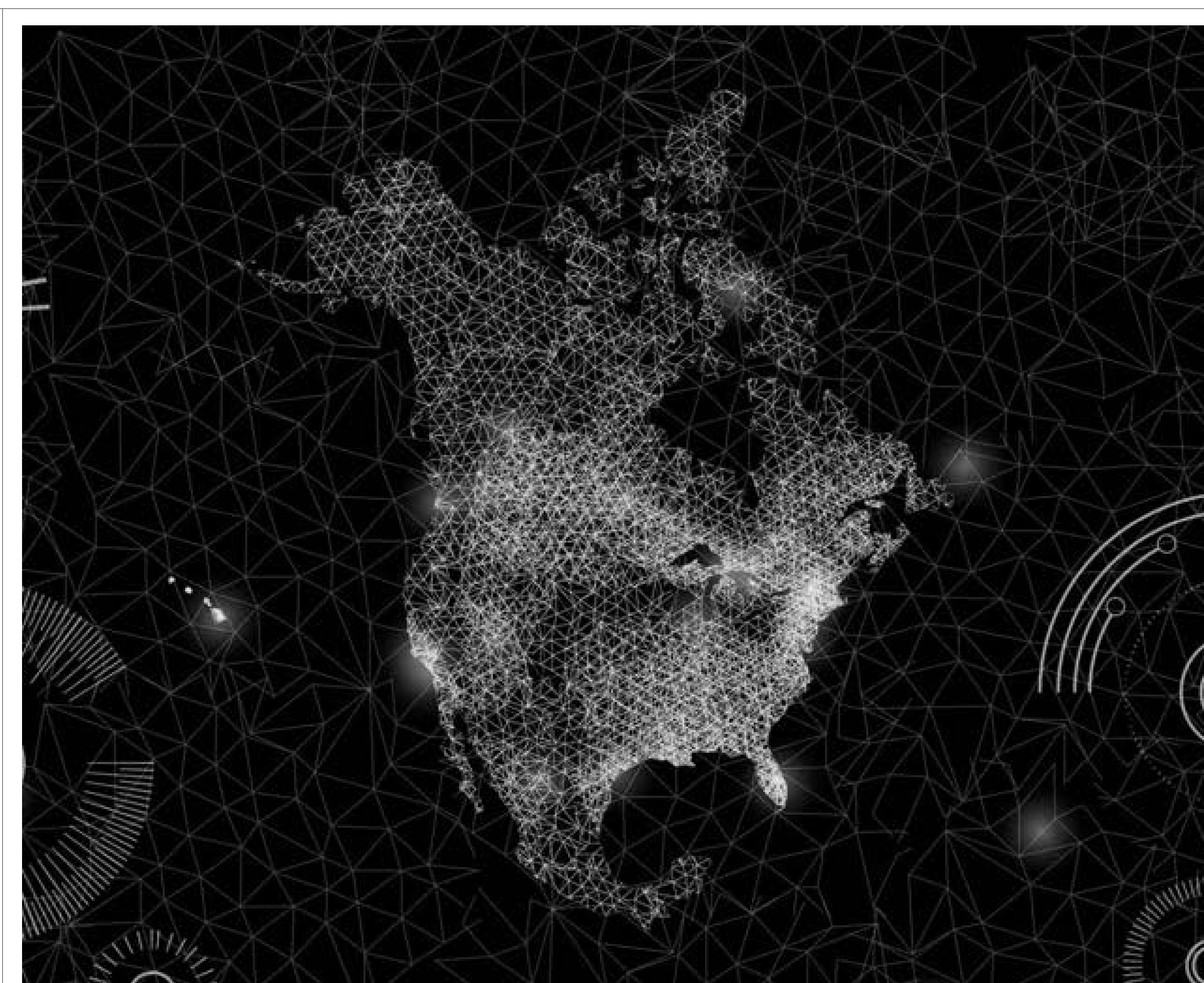
> 'You can feel the past lying heavy on the country'
> A foreign investor

Nonetheless, ideological debate rages. "The government has explained itself very poorly," admits one insider. "It needs to circumscribe very clearly those areas that will not be market-based. We are not talking about revolution."

Eugenio Tironi, a leading sociologist, agrees. He points out it was Mr Pinera who first "broke the taboo" of raising corporate taxes. Checked by her falling popularity among the middle class, Ms Bachelet's reforms, he says, will emerge from Congress "not the roaring tiger so many fear, but more like a cat".



* 0=total income equality
Sources: IMF; UN; OECD



FT BIG READ. 2014 SEASONAL APPEAL

The civil war has created the world's largest refugee crisis, leaving the International Rescue Committee and other aid groups trying to help rebuild the lives of those worst affected.

By Erika Solomon

Syria's stolen childhoods

She survived an army siege, and fled mass executions and gang rapes in Syria. But it was only after she reached a safe haven in neighbouring Lebanon that 13-year-old Fatima tried to slit her wrists.

It is not an isolated case. After three years living in refugee tents, depression, self-harm, suicide attempts and other mental health problems are on the rise for Syrian girls. Fatima's name has been changed for her safety and she could not meet the Financial Times herself. But her mother shared their story to show how even after fleeing Syria's war, countless girls are still at risk of rape, domestic abuse and forced marriage.

Eleven million Syrians have been forced to flee their homes — and there is no sign that Syria's almost four-year uprising-turned-civil war is going to end soon. The immediate priorities in a refugee crisis are relatively straightforward: people need shelter and food. But when it becomes a long-term crisis — growing at a rate of 5,000 people a day — the effort can be overwhelming.

Fatima and her mother found hope in a women's support centre run by the International Rescue Committee, the humanitarian organisation selected by the FT for its 2014 seasonal appeal. Founded by Albert Einstein in 1933 to rescue German families facing Nazi persecution, the charity now works in more than 30 countries, from Myanmar to Zimbabwe, providing relief after tsunamis or building long-term health clinics.

> 'Refugee girls are in a prison . . . In the camp, you hear women crying, men beating wives — half those wives are under 14'

In 2014 the IRC provided aid to 14.8m people, including 4m Syrian refugees.

With aid groups struggling to provide food, medicine and education, young women are often overlooked, though they are among the most at-risk members of the Syrian refugee population.

"Refugee girls are in a prison . . . At night in the camp, you hear women crying, men beating wives. Half of those wives are under 14," says Fatima's mother — the dark rings under her eyes a sign of troubled days.

With limited access to education, girls can lose their future. Parents who once protected their daughters are often traumatised themselves and can become abusive or so impoverished that they agree to early marriage — a practice aid workers say increases the chance of a girl being forced into prostitution.

In muddy settlements that house thousands of refugees, the fear of assault means that many girls rarely leave the worn tarpaulin tents that flood during winter and bake in the summer heat.

"The centre encourages us to live, to find our strengths," says Fatima's mother, who stays hopeful despite an ongoing struggle with family abuse. "If it wasn't for this, my daughter might be gone — maybe I would have committed suicide, too."

IRC on the ground

The IRC has more than 30 women's centres spread across refugee camps in northern Syria and neighbouring countries. Women's protection and empowerment is one of dozens of programmes the charity manages as part of its Syria response, which deals with a range of needs from healthcare to job training.

The IRC, which had income of $456m last year, focuses on emergency and development work around the world. In addition to the Syria crisis response that spans five countries, it has set up clinics to treat Ebola patients in west Africa and distributed aid to Iraqis fleeing the advance of jihadi militants. It also works in the US to resettle refugees who get a chance to start a new life.

Finding long-term solutions for refugees is crucial to regional stability. The camps are fertile recruitment grounds for radical groups. Mass movements of people create economic strains that can spark unrest in the areas they flee to. But as the world's largest refugee crisis deepens, funds are drying up. Last week the UN announced it was cutting vital food vouchers to 1.7m Syrian refugees due to a funding shortfall.

The IRC has also been forced to divert funds from Syria. To multiply the impact of reader contributions to this year's appeal, the British government will double their value by matching each donation. Those funds will go directly to the IRC's Syria projects.

"The Syrian crisis is the defining humanitarian catastrophe of this century so far," says David Miliband, the president and chief executive of the IRC. "The scale of displacement, with half the country's 22m population forced to flee their homes, is too big for most people to grasp."

War, disease and environmental disasters have contributed to what is now the biggest refugee crisis since the second world war. The UN says more than 51m people globally have fled their homes. Mr Miliband, former UK foreign secretary, says he wants the IRC to help change the aid business to better meet the needs of today's refugees, especially women.

The IRC has been at the forefront of experimenting with more effective ways to provide support, in particular, "cash-aid" projects that give money instead of basic staples. Proponents say this lets aid groups help both the displaced and their hosts: refugees buy their necessities from locals whose economies are otherwise drained by rapid population influxes. Psychological counsellors also attend training courses to support victims of abuse or depression.

Sara Abu Assali, head of the IRC's women's programmes in Turkey, says rehabilitation is critical: "Think about it this way: who else will rebuild Syria?"

Just reaching camps in Syria can be a challenge, as roads, checkpoints and towns constantly swap hands between different armed groups. Convincing conservative families, who often forbid women to leave home, is another hurdle. In spite of that, some 2,000 women make almost daily visits to the IRC's eight makeshift women's centres in northern Syria.

The IRC sends "mobile teams" to try to reach more camps but these efforts are a drop in the ocean. Displaced Syrians scattered along the northern border have built about 500 different settlements — some house tens of thousands of inhabitants. The IRC says its work is critical because many camp-based youth programmes unintentionally omit girls; gender mixing is not socially acceptable after adolescence.

Desperate measures

The IRC womens' programmes worked regularly with at least 32,000 refugee women this year. But even success stories can be overtaken by fresh abuse. Fatima was one such case. The scars down her arms healed as IRC counsellors treated her depression. But shortly afterwards her father sent her away to marry a cousin twice her age.

While there are no reliable statistics on abuse or self-harm, Fatima's mother says many girls now experiment with cutting. Other young women went further. "One set herself on fire. They buried her outside the camp. Another tried to kill herself drinking chlorine but they took her to the hospital and pumped her stomach," she sighs. "I knew another girl who was only 15 and had already been married off by her family three times. She tried to run away."

Stopping all early marriages is impossible. In some rural parts of Syria it was common. But most Syrians waited until their daughters finished university. Now there is no school and as the crisis drags on, families are tempted by foreign suitors offering dowries for brides.

Heba, a bubbly 26-year-old dressed in a leather jacket and white headscarf, is not discouraged. The areas in northern Syria where she runs IRC women's centres were too dangerous to visit, so she crossed the border to meet the FT in Turkey. For her own safety, we have withheld her full name.

Heba fears the worst for the girls she could not help. "It's hard to know what happens beyond the rumours that come back. We rarely ever hear from them again." Some women, she says, are unwittingly "married" to men in Turkey or the Gulf, without realising their status is not official or legal.

Many are believed to be forced into prostitution.

Even a girl's tent can be unsafe. The brutality of war affects behaviour, especially among boys who come of age during the conflict. "It has got to the point where you have cases of girls molested by brothers or uncles," says Heba. Navigating these environments is complicated. Many women feel too ashamed to admit they have been abused.

In Lebanon, female refugees can perhaps seek out secret shelters. But in lawless northern Syria there are no safe houses, no legal recourse. Instead, Heba and her peers teach coping strategies.

At a refugee youth centre in Turkey, a counsellor called Manal sits with a group of giggling girls who shout suggestions as she writes on a board, "Ways to say no", at a friend's request.

The girls practise sentences together to see what works best. Later, Manal suggests adapting the idea for parents who do not want to let them leave the house or go to school.

"We start with little things," says Heba. "If she can't do that, how can she argue about bigger issue like marriage?" Once the girls and women start talking, confidence grows quickly, she says.

"Sometimes we don't have to say much ourselves, we just create an opportunity . . . they will start trading advice," she says. "Older women who married early, for example, will tell younger mothers, 'I suffered a lot. Try to do better for your daughter'."

With more funding, the IRC hopes that the women's tents could even offer a base to help them organise small business ventures to support their families.

Fatima's mother is learning to speak up too, before her younger daughter faces the same fate as her sister.

"I thought I had no friends, I was afraid of the world . . . Now I'm responding to my husband. The last time he tried to beat her, I spoke up."

She smiles and adds, almost in disbelief: "He actually listened. I got a result."

Amina, a mother of 11, who fled Syria

Girl's talk: teenagers attend a session on the effects of child marriage in a tent camp in Lebanon. Below, they express their unity during the class

Sara Hylton

Letter from the editor

The humanitarian crisis in and around Syria, as powerfully described in Erika Solomon's report, has become a catastrophe of unprecedented proportions. About half of Syria's pre-conflict population of 22m people have fled their homes to escape the violence, many of them pouring into neighbouring Lebanon, Jordan and Turkey, which are struggling to cope with the inflows.

This year the staff of the Financial Times have voted to support the International Rescue Committee, one of the most active non-governmental organisations trying to alleviate the humanitarian crisis in Syria. The IRC also works on the frontline in many other countries, giving people the technical support and financial means to help rebuild their lives, and is also playing a vital role in west Africa in combating the spread of Ebola.

At a time when hostility towards refugees and migrants is rising in many parts of the world, the FT is proud to support the IRC's work, which is still guided by the humanitarian spirit of its founder Albert Einstein and its mission to "assist victims of civil oppression in many lands without reference to religious or political faith".

Over the next few weeks FT correspondents will report on the range of the IRC's activities across the Middle East, southeast Asia, Africa and the US. You can follow all these reports at *www.ft.com/seasonal-appeal*.

We hope that you will give generously to this year's appeal, as you have done every year since 2006. In total we have helped to raise more than £14m with our charity partners over that time.

This year the British government is providing matched funding for the appeal. Justine Greening, the UK international development secretary, says: "Many Syrian children have known nothing but conflict their whole lives and now face a fourth harsh winter away from home.

"By matching pound for pound all public donations to the FT Seasonal Appeal, we will double the difference IRC can make. That means more medicine, clean water and access to education and a clear message to Syrian children that the world has not forgotten them."

The IRC has also received generous donations from American Express, Novartis, the Asfari Foundation and the Lundin Foundation.

Lionel Barber

FT **Seasonal Appeal online**
See a video interview with David Miliband, a slideshow and more stories about the IRC's work
ft.com/seasonal-appeal

FINANCIAL TIMES
'Without fear and without favour'

MONDAY 8 DECEMBER 2014

Shareholder rights and responsibilities

Vanguard's plan for boards and investors to engage better is welcome

Heading for the exit sends a strong message that a relationship has gone wrong. Strong, but not always informative. Having long-term investors work with board members to resolve problems rather than simply voting with their feet can be a more productive approach when things aren't working.

It is one reason why greater shareholder engagement with quoted companies has been one of the key themes in corporate governance to emerge since the financial crisis. Such ideas underpin the so-called stewardship code for institutional investors introduced two years ago in the UK. They also lie behind the recent upsurge in activist investing in the US and growing demands by long-term institutions for greater input.

According to Hedge Fund Research, total assets under management held by activist funds have doubled since 2010. FactSet Research Systems says in the past five years activists have launched campaigns at more than one-fifth of S&P 500 firms. Now Vanguard, a $3tn US fund manager, has come up with a new initiative designed to promote interchange between shareholders and the companies in which they invest. Rather than waiting for problems to emerge and then battering down the doors at governance recalcitrants, the default setting of many activist investors, Vanguard is advocating a more consistent and low key approach. It would like to see boards setting up "shareholder liaison" committees alongside the more conventional ones they have, to deal with the audit or remuneration.

Vanguard's basic insight is that positive engagement is more likely to result if directors and investors know and understand one another better. "Directors are standing in on behalf of owners — it is an important concept — and there are many independent directors who have never met an investor," said Bill McNabb, its chief executive.

Vanguard sees such committees acting not just as a mechanism to allow shareholders to anticipate problems and hopefully nip them in the bud. They would also allow boards to pick up ideas about best practice in similar companies elsewhere.

The fund manager may have its own reasons for pushing them. It runs some of the largest tracker funds in the US, managing roughly 5 per cent of every publicly traded company in the country. Forced to own a large company's stock through good times and bad, trackers do not have the luxury of selling when underperformance strikes.

But its ideas make sense for all forms of long-term investment. It can only be good that shareholders take an active interest in the businesses in which they invest. Managers are likely to act more responsibly if they think someone is looking over their shoulder. Properly motivated, engaged shareholders can assist companies to achieve long-term growth rather than chasing immediate and volatile gain.

Engagement may be on the rise since the crisis but too many investors are still shy of putting in the legwork. One excuse is it is hard for shareholders to apply pressure. Many do not want to devote time and money to corporate relations if other, larger competitors are doing so already. Companies should do more to encourage investors to take a more enlightened view. Boards may fret about opening the door to combustible activists. But directors should be happy to explain long-term ambitions to committed long-term holders so built-up trust can see them through tenser times. The answer for both sides is not to shy away from engagement but have more of it — and of a higher quality. It is a lesson companies and investors would do well to embrace.

Rightwing populists in Europe make mischief

Sweden's Social Democrats are gambling on a snap election in 2015

As a result of the disruptive parliamentary tactics of an anti-immigrant, rightwing populist party, Sweden will go to the polls in March for its first snap general election since 1958. This should be a wake-up call for Europe. Slick and strident anti-establishment parties are no longer mere protest movements but are generating instability even in countries with a solid record of prosperity and corruption-free politics.

True, the collapse of the two-month-old, Social Democrat-led government of Stefan Löfven, prime minister, gives no grounds for fearing that the economy, public finances or successful Swedish model of welfare state capitalism are in crisis. The real problem is that the election may fail to produce a clear-cut result and permit the return of stable government.

Mr Löfven called the election after the populist Sweden Democrats party, breaking with parliamentary tradition, voted with the centre-right opposition to reject the government's 2015 budget. The tumult recalls events in the Netherlands in 2012, when the anti-Islamic Freedom Party of Geert Wilders, which had provided parliamentary support for a minority government, triggered a snap election by refusing to back the ruling coalition's budget.

For conventional parties that face rightwing populist challenges in France, the UK and elsewhere, the lesson should be clear. The populists are so focused on their pet grievances — hostility to immigrants, the euro, globalisation — that they will take every opportunity to discredit opponents they despise. They are unreliable partners because their outsider status is a core element of their appeal.

Voters will not necessarily reward them for bringing down a government. In the 2012 Dutch election, Mr Wilders's mischievous tactics backfired. The Freedom Party lost 5 percentage points of support and dropped to 15 from 24 seats in parliament.

Unfortunately, it is by no means clear that the Sweden Democrats will suffer the same fate in March. According to opinion polls published after the government's fall, support for the Sweden Democrats has edged up to 13.5 per cent from 12.9 per cent in the September general election. Mr Löfven's Social Democrats and their allies are running neck and neck with the centre-right opposition, an indication that the rightwing populists may hold the balance of power in the next parliament just as they do in the outgoing legislature.

Were this to happen, the Social Democrats should consider uniting in a grand coalition, similar to that which rules Germany, with the centre-right Moderate party, which held power for eight consecutive years after 2006. Failing that, the two big parties should find ways to co-operate in parliament, such that one or the other can form a government with its smaller allies.

However, the priority now must be to expose the Sweden Democrats as a party with a reckless approach and an array of intolerant, socially divisive policies wholly out of keeping with Swedish political culture. The main parties need not be scared by the Sweden Democrats' threat to make the election campaign "a referendum for or against increased immigration".

The Sweden Democrats abandoned their neo-Nazi doctrines more than 10 years ago, making it inaccurate to label them a far-right party, but most Swedes correctly regard the party's aggressive line on immigration as unpalatable. The more intensely the party dwells on immigration, the more remote its chances of making an electoral breakthrough. Come March, Swedish voters can show the world that the tide of rightwing European populism is anything but unstoppable.

Letters

Email: letters.editor@ft.com or
Fax: +44 (0) 20 7873 5938
Include daytime telephone number and full address
Corrections: corrections@ft.com

HIV's economic liabilities are still unfolding

Sir, As the world marks World Aids Day in 2014, achievements so far should not cause complacency that HIV/Aids has been beaten. Clive Cookson (FT.com, December 2) rightly highlights recent research on HIV becoming weaker. However, HIV is still one of the biggest killers in Africa, causing 1.1m deaths in 2013, or 3,013 deaths per day. Ebola deaths, so far, are still far lower than HIV-related deaths.

What also needs to be better appreciated is the economics of HIV in terms of the size of the future life cycle financial liability for affected countries and donor community. Such financial commitments need moral fortification from a duty of rescue principle from policy makers and donors. The future liability of HIV treatment and prevention is easily three times higher than what is currently being spent. Looking at Africa, the liability over the next 35 years is closer to $800bn, on the back of universal coverage and duty of rescue. This is a "quasi-national debt" for the affected countries which has not yet been acknowledged and factored in, and has implications for fiscal sustainability.

There is an imperative to think of strategies for innovative finance, such as social impact bonds and tax on mobile phone usage. Equally, new fiscal space should be sought, especially from revenues from natural resource discoveries in Africa and efficiency gains from the health sector at large. HIV intervention platforms should also be used as an opportunity for strengthening the entire healthcare delivery system on comorbidities such as cardiovascular diseases, TB and hypertension.

While medically HIV may seem to have been tamed, its economic liabilities over the next 35 years are enormous and still unfolding. It is a ticking financial time bomb!

Mthuli Ncube
Professor, Blavatnik School of Government,
University of Oxford, UK
Project Leader, RethinkHIV

Model law is the key to protecting 'unprotected' government debt

Sir, There is a relatively easy way in which "unprotected government debt" could in fact be "protected" and that would be by way of a short law enacted in each of the handful of countries through which pass the vast majority of financial flows ("'Vulture' hedge funds switch focus to target unprotected government debt", November 27).

This law would follow the successful precedent of the UNCITRAL model law on cross border insolvency. That model law has been adopted in both the UK and in the US and basically provides that a restructuring of an insolvent entity which meets certain tests will be recognised and given effect to by the courts of a country which has adopted the model law. Thus, in my own practice, we have had foreign restructurings recognised in both the UK and the US and obtained permanent injunction from the courts in both places prohibiting holders of the restructured debt from suing on their old claims. This has the practical effect of cancelling out those claims.

Although the UNCITRAL model law has only been adopted in a handful of countries, being able to use it in the UK and the US has to date proved in fact to be sufficient to deter any creditors' claims. A similar law in the sovereign context would address many of the problems noted in the article, so long as the debt held by the vulture funds was included in a recognised restructuring.

It would only require a handful of countries (and we're really only talking about the UK, the US, Japan and one of the eurozone nations) to adopt a law which provided that a sovereign restructuring in accordance with an agreed procedure would be recognised by that country's courts, then you have a regime which will allow a sovereign to restructure and obtain the protection of key payment countries for its most vulnerable (ie financial) foreign assets.

You only need the handful of countries I mentioned because most of a sovereign's non-domestic assets have immunity and the assets which are most likely to be attacked are its financial assets. Therefore if you can obtain protection for the sovereign in the principal financial centres, that is a de facto recognition of the restructuring universally.

Francis Fitzherbert-Brockholes
Partner, White & Case,
London EC2, UK

Temerity: loafers as office wear — Getty Images

You're hired — but don't come to work in slippers

Sir, The letters with regard to the "unkempt" dress of Lucy Kellaway and Tyler Brûlé (December 4) reminded me of a story once told to me by a former colleague.

Upon leaving the army, he went for his first interview to enter the world of stockbroking at Cazenove, as former army officers did in those days (this was the mid-1980s). The partner sat him down, read his résumé and said: "Right. Sandhurst, Grenadier Guards. Just what we're looking for. But you'll have to leave the bedroom slippers at home."

He had had the temerity to show up for his interview in loafers rather than lace-ups!

Chuck Mentcher
Tucson, AZ, US

Sir, Rudy D Blake and Adrian Danson (Letters, December 4) are critical of the clothes that Tyler Brûlé is wearing in the photograph accompanying Lucy Kellaway's article (December 2).

As Mr Brûlé is a successful international style guru and tastemaker, I can only assume that his rumpled appearance is quite deliberate — and that he pays someone to create that look for him.

John O'Byrne
Harold's Cross, Dublin 6, Ireland

Clean white spaces are for the spreadsheet-fillers

Sir, The treatment of interns by Tyler Brûlé at Monocle (December 2) speaks volumes: all scrunched up into tiny spaces, while he enjoys two vast rooms, with flowing champagne and an oversized desk covered with paper, naturally.

I also concur with Starr Wood (Letters, December 4) that although writers can compose copy almost anywhere, well-ordered offices with white walls and clean desk policies are not conducive to inspired and lively stories, being much more suited to those who spend their days filling in spreadsheets.

Please note that I have written this letter while on a delayed train.

Alan Bullion
Tunbridge Wells, Kent, UK

Sentinel has serious plans for asteroid detection

Sir, Your report "Scientists warn of asteroid threat to humanity's future" (December 4) points to a hazard humanity can do something about.

Your excellent article speaks of the need for a telescope in orbit between Earth and Venus to aid in detecting asteroids that present a threat to Earth (its position would pick up much more reflected sunlight from asteroids, greatly aiding detection).

Interested FT readers may want to know that there is an organisation, the B612 Foundation, whose project, Sentinel Mission, seriously plans to launch just such a telescope. Interested readers, probably being smarter than the dinosaurs that were rendered extinct by an asteroid collision, might possibly consider supporting it.

Harold Seneker
Fair Lawn, NJ, US

Sir, I note with some concern that scientists, including rock band Queen's guitarist Brian May PhD, are concerned that we risk annihilation by a bohemian asteroid ("Scientists warn of asteroid threat to humanity's future", December 4). One may well ask:

Is this the real thing, or just a fantasy
Hit by an asteroid — the end of humanity?

The evidence is apparently there for all to see:

Open your eyes, look up to the skies and see . . .

Another rock band from a distant timezone, REM, had a more philosophical approach:

It's the end of the world as we know it . . . And I feel fine.

Dr May might like to consider this alternative view.

Malcolm Harker
Seattle, WA, US

Taking an enlightened approach to psychedelic drugs as treatments

Sir, It was a great pleasure to see Andrew Jack covering such an important field of research in his article "When drugs do work" (FT Magazine, November 29).

The Beckley Foundation has been at the forefront of this vital field for nearly two decades, commissioning key research into the neurological mechanisms underlying the therapeutic potential of psychedelic drugs. Building serious scientific engagement with this topic has been an arduous task. Now we are witnessing this hard work bearing fruit in ways that would have been unimaginable a decade ago. There is a surge of interest in the potential of these studies and a development in the understanding that these areas will provide important answers in brain research and new avenues of treatment.

We are currently engaged in the world's first brain imaging study with human participants under the influence of LSD as part of the Beckley-Imperial Psychedelic Science Programme. Through pioneering research like this we are able to learn how these substances might be of use in treating some of our most intractable diseases such as depression, addiction and post-traumatic stress disorder. The Beckley Foundation is also the co-sponsor of the upcoming MDMA for PTSD study with veterans, mentioned in the article. The implications of these studies are too important to be held to ransom by prejudices of the past.

It's now time to start looking more deeply at these important areas with a well-reasoned and scientific approach. Your inspiring article is an important step in the right direction.

Amanda Feilding
Director,
The Beckley Foundation,
Oxford, UK

Practical rule that must suffer exceptions

Sir, No need to belong to the radical left to sympathise with Wolfgang Münchau ("The radical left is right about Europe's debt", November 24). True, one cannot ignore the difficulties that all of the many debt restructuring possibilities entail. On the other hand, it is no less true that the mountain of debt left by the financial crisis and housing bubbles puts the recovery of the eurozone at risk, especially under the current policy mix. After all, that debts should be paid is a sound practical rule which must suffer exceptions under extraordinary circumstances; this is why one searches in vain for historical precedents for the full repayment of debts resulting from a serious financial crisis.

Alfredo Pastor
IESE Business School,
Barcelona, Spain

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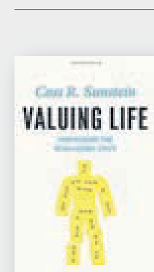
Mark Vandevelde



Valuing Life: Humanizing the Regulatory State
by Cass Sunstein
University of Chicago Press
(£17.50/$25)

Cass Sunstein has spent much of his career figuring out how to make the land of the free a safer place for the foolish and shortsighted.

A friend of Barack Obama from the days when both were law professors in Chicago, he rose to prominence as co-author of *Nudge* (2008), a bestseller that advocated a sort of ju-jitsu paternalism. Stop people from making bad decisions, it urged, but do not bludgeon them with rules.

Allow workers to opt out of saving for old age, for instance, but divert part of their salary to a retirement account unless they tell you to stop. At the canteen, let them take outsize portions but take away the trays and make it hard to carry overfilled plates. The idea is to throw people off balance at the moment of decision so their inertial weight falls naturally on the wisest choice.

Valuing Life draws on Sunstein's career as a public servant, which began when Mr Obama moved into the White House and gave his former colleague his pick of several top Washington jobs. For the next three years Sunstein presided over an office where federal regulations are vetted. With his staff of 45, he scrutinised hundreds of proposed rules to figure out how much they would cost whoever would have to comply with them and what benefits could be expected in return. It sounds like a bureaucratic backwater but to hear Sunstein tell it, this was an energising intellectual challenge.

The state, he says, must repeatedly ask: "What would be the effects of acting or of not acting?" Federal agencies usually answer by putting a dollar figure on the benefits expected from a contemplated rule. That is easy if you are considering an energy efficiency standard for lightbulbs — a good idea if electricity bills stand to go down by more than manufacturing costs go up. It is not so easy if your proposed rule aims to prevent misery or save lives. Then you must put a number on something priceless.

In such cases the government considers what — in a hypothetical market — consumers would be willing to pay for the promised benefits. How much they would give, say, to eliminate a small chance of death? You might reach a vague estimate by comparing ticket prices on a crash-prone airline and a safer one, or you might just walk the streets and ask. Using such evidence, you can apparently work out that saving a life is worth about $7m.

Sunstein has quibbles with this way of proceeding but on the whole he endorses it. He calculates that the rules introduced on his watch left the US $91bn better off. (That is about $10bn more than the profits earned in the same period by Apple, the world's most valuable public company.)

The regulatory calculus that undergirds this boast is, Sunstein says, a method "rooted in exceedingly appealing ideas about welfare and autonomy — ideas that deserve a prominent place in a free society". If you are willing to pay for the benefits that some piece of regulation will bring you, you must think they are worth having. Officials should respect your judgment.

Well, people say all sorts about what they would pay for this or that. Awkwardly for Sunstein, however, there is no clear sign of this willingness in anything they do with their wallets. Citizens of an untrusting disposition will prick up their ears when officials propose to coerce them in the name of respecting their autonomy.

Their suspicions will intensify when Sunstein describes the blunders we make when left to decide for ourselves. Fixating on the horrors of a catastrophic event — a terrorist attack, for example — we forget that it is vanishingly unlikely and spend too much on trying to prevent it, even as we incur much greater risks on poorly maintained roads. This is a good reason for involving technocrats, as well as politicians, in government decisions. But it is at odds with Sunstein's claim to be respecting the judgments of the people.

Freedom to make mistakes can be a dangerous thing. But Americans are deeply attached to it and it may be politically astute for a paternalist to claim the mantle of a libertarian. To my mind, though, it is a Jesuitical evasion. Better to acknowledge out loud that, on life's dark prairie, the torch of freedom is sometimes less useful than a guiding hand.

The writer is the FT's executive comment editor

Comment

Crumbling infrastructure signals a loss of collective faith

ECONOMICS

Lawrence Summers

Take a walk from the US Air Shuttle in New York's LaGuardia airport to ground transportation. For months you will have encountered a sign saying "New escalator coming in Spring 2015". Or take the Charles River at a key point separating Boston and Cambridge which is little more than 100 yards wide. Traffic has been diverted to support the repair of a major bridge crossing the river for more than two years, and yet work is expected to continue into 2016!

The world is said to progress but things that would once have seemed easy now seem hard. The Rhine river is much wider than the Charles yet General George Patton needed just a day to build bridges that permitted squadrons of tanks to get across it. It will take almost half as long to fix the escalator in LaGuardia as it took to build the Empire State building 85 years ago.

Is it any wonder that the American people have lost faith in the future and in institutions of all kinds? If rudimentary tasks such as keeping escalators going and bridges repaired are too much to handle, it is little surprise that disillusionment and cynicism flourish.

Political debates are often framed in terms of the respective roles of the public and private sector with progressives stressing the importance of private market failure and conservatives stressing the dysfunctionality of the public sector. The sad truth is that there is merit in both arguments.

The escalator that will take five months to repair is privately owned. Although it is in an airport, failure cannot be blamed on public authorities. Necessary maintenance had been delayed for years — with the escalator in question even being stripped for spare parts to support other escalators. Now the new owner has many priorities; the replacement of the escalator system is only one.

On the other hand, repair of the bridge across the Charles River is the responsibility of local governments. A combination of budgetary short sightedness, excessively rigid labour practices, and a failure to take account of the costs of traffic delays appears to account for the project's remarkably long gestation period.

While much of the political debate takes place on a macro level, focusing on large scale changes in spending, tax or regulatory policies, I suspect that much of what frustrates the public happens on a more micro scale.

> It will take almost half as long to fix La Guardia's escalator as it took to build the Empire State building

A government that has to install safety nets under bridges to catch failing debris will not inspire when it aspires to rebuild other nations.

When big companies are cannibalising their machinery for spare parts, it is hardly surprising that they are not trusted to embark on voluntary long run programmes to control greenhouse gases, promote diversity or develop new technologies.

What is to be done? First, the focus of infrastructure discussions in both the public and the private sector needs to shift from major new projects whose initiation and completion can be the occasion for grand celebration to more prosaic issues of upkeep, maintenance, and project implementation.

For example, before anyone contemplates spiffy new high-speed railway systems, careful consideration should be given to repairing existing rail lines and stations.

Second, accountants in the public and private sector need to develop methodologies for capturing deferred maintenance and showing this in the financial accounts for what it is — borrowing from the future. What is counted counts and so if maintenance deferrals were made transparent they would become much more expensive for decision makers.

Third, the public and the media on their behalf need to be much less accepting of institutional failure. It has been said that we do not want to know all to which we can become accustomed. A vicious cycle in which governments perform poorly and so are starved of resources and so perform worse is serious threat to healthy democracy.

Something similar can happen to business. If owners distrust management they will insist on taking cash out rather than permitting its use for long term investment. The only answer is prompt and aggressive responses to failure that ensure that it is shortlived.

More important than any specific remedy, there is a reason beyond the media and the public's own economic problems why there is so much disillusionment with so many institutions. They do not seem to perform as well as they once did. We see it every day.

Fixing escalators and building bridges may seem like small stuff at a time of economic crisis and geopolitical instability. But it is time we recognise the importance of what may seem small to what is ultimately important — the faith of citizens in their collective future.

The writer is Charles W Eliot university professor at Harvard and a former US Treasury secretary

Bold and sold: Obama spoils diplomacy

AMERICA

Edward Luce

Since the days of Andrew Jackson, US presidents have merrily auctioned diplomatic postings to rich friends. Barack Obama is no exception. As the man in *Casablanca* said, people are "shocked, shocked" by Mr Obama's ambassadorial selections. Yet there is an element to the recent outrage that goes beyond the usual hypocrisy. If one thing captured money's growing hold over US public life — and the White House's apparent carelessness with America's reputation — this would be it.

At a time when Vladimir Putin's autocratic style is winning admirers in parts of central Europe, Mr Obama nominated Colleen Bell, the producer of *The Bold and the Beautiful*, as his next ambassador to Hungary. Ms Bell made it clear in her Senate hearing that she knew next to nothing about Hungary — a country run by Viktor Orban, a strongman with Putinesque tendencies. Ms Bell is no authority on the tenuousness of democracy in parts of the former Soviet world. Nor, presumably, is she steeped in Washington's interest in shoring it up. But she knows a thing or two about fundraising, having netted $2.1m for Mr Obama's 2012 presidential campaign.

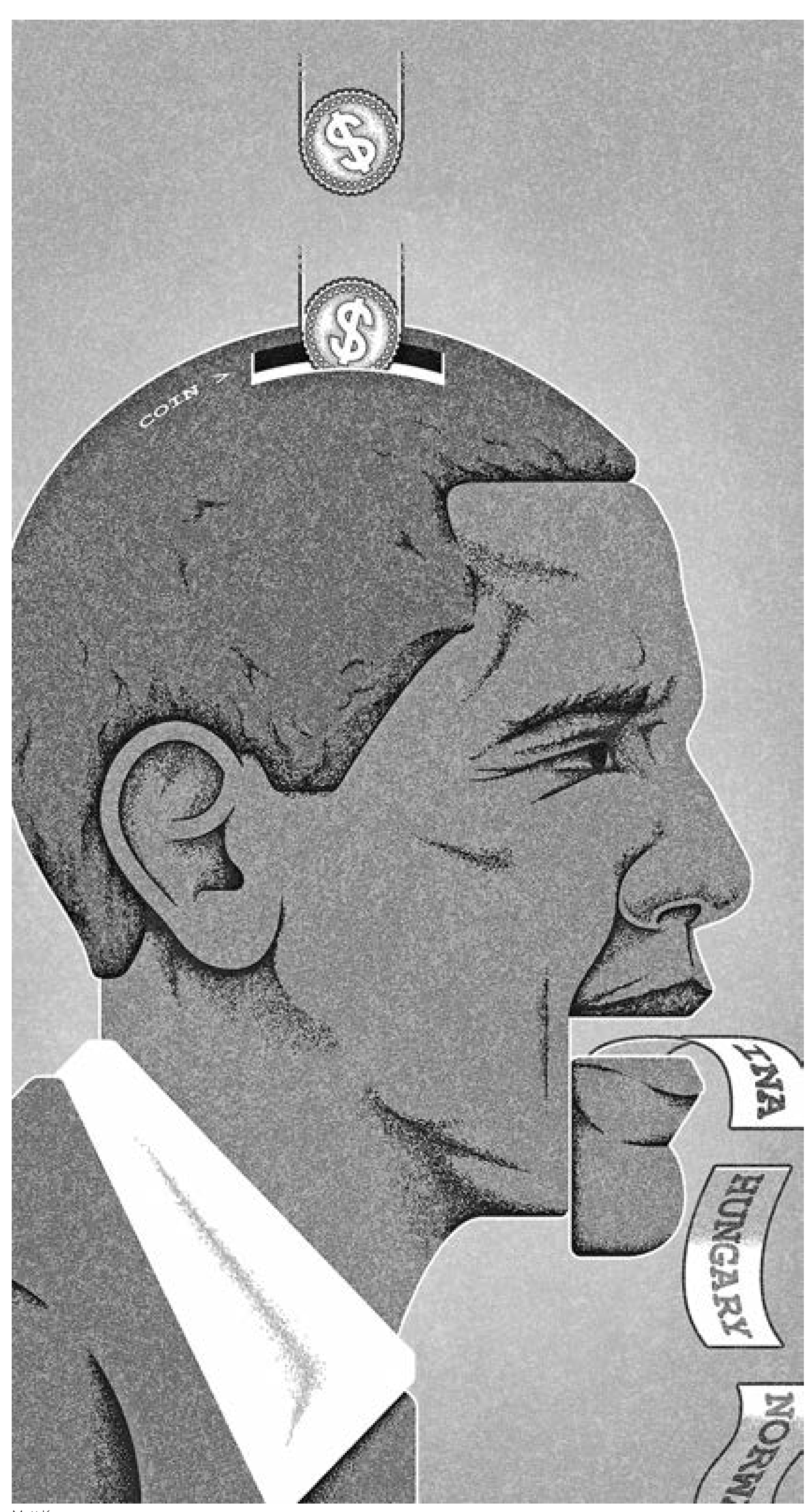
Then there is Noah Mamet, a public relations consultant, who raised $1.4m for Mr Obama. Mr Mamet is the next US ambassador to Argentina, a country he admitted he had never visited. As the second-largest economy in South America, and a place flirting with overt anti-Americanism, Argentina is hardly the Solomon Islands. Its stance matters.

So too does that of Norway, a US ally in Russia's neighbourhood that is feeling insecure about its future. Mr Obama nominated George Tsunis, a wealthy hotelier, and a big election donor. His confirmation was held up after he too disclosed he had never visited Norway, and believed its system was presidential (it is a kingdom). Mr Tsunis also described one of Norway's coalition parties as a "fringe element" that "spewed hatred". He had mistaken it for a one that is not in government. And so on.

Big deal, say Mr Obama's defenders. It has always been this way. They have a point. Think about George W Bush's envoys to London. First he sent a horse breeder pal who made his wealth at the Kentucky Derby. Then he sent a car dealer. Both were election donors. US-UK relations survived. Moreover, Lou Susman, Mr Obama's first ambassador to London, was a success, in spite of having also been an election donor with no government experience. Not all political appointees are greeted as an insult by their host country. When they have a close relationship with the president — as was true for Mr Susman — they can sometimes be more effective than the professionals. In others, such as Caroline Kennedy's Tokyo appointment, their celebrity can prove helpful. Ms Kennedy was rewarded for having given Mr Obama's campaign the magical family endorsement.

> The state department finds it hard to attract graduates, since there is a glass ceiling blocking their career paths

Yet Mr Obama's apologists protest too much. Until recently, ambassadorial postings split roughly seven to 10 in favour of career diplomats — with presidential donors taking about 30 per cent. In Mr Obama's second term, the share of political names has risen to 41 per cent, according to the Foreign Service Association, which represents America's increasingly alienated career diplomats. In other words, things have deteriorated since 2008. This chiefly reflects the galloping costs of US elections, rather than any moral failing on Mr Obama's part. But some of the damage is self-inflicted. When Mr Obama campaigned for office, he vowed to "change the way Washington does business". Arguably he has kept that promise, but not in the way voters interpreted it.



Matt Kenyon

The trend also undercuts another of Mr Obama's pledges: to take diplomacy much more seriously than Mr Bush, whom he rightly criticised for relying too heavily on military means of engaging the world. Choosing people such as Ms Bell, who is doubtless impressive in her field, negates that pledge on two counts. First, it further demoralises the US diplomatic corps. The state department finds it increasingly difficult to attract high-flying graduates, since they know there will be a glass ceiling blocking their career paths. Imagine how harder it would be for West Point to recruit talented military officers if plum generalships were handed out to amateurs who had never worn a uniform.

Second, picking unqualified nominees send a demeaning message to the recipient country. Like Ms Bell, I have never visited Hungary. But I gather its public mood is increasingly anti-American. Stereotypes abound of a superpower that is ignorant about the world beyond its shores and that thinks the past is past. Having lived in Washington for some time, I know the reality is far different. America's capital is teeming with more experts on more parts of the world than any other city on the planet. Many of them serve out mid-level sinecures in the state department or in think tanks. It would be nice were more to be posted to the front lines. Some of them even speak the local language.

Ultimately, economic strength determines a nation's power. But at a time when US hegemony is under challenge, Washington should keep its friendships in good repair. On that count, Mr Obama's record leaves a lot to be desired. To the victor go the spoils, they say — even in the world's oldest democracy. But not to this degree, surely?

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The ECB, demigods and eurozone quantitative easing

EUROPE

Wolfgang Münchau

The European debate about quantitative easing has reminded me of Zeno's paradox of motion: Achilles could never catch up with a tortoise — because whenever he had bridged the distance between them, the tortoise advanced. Same here: whenever the conditions seemed to be in place for QE, new ones popped up.

All that changed on Thursday. The European Central Bank voted to elevate the €1tn increase in the size of its balance sheet from something it expected to happen to something it intends to accomplish. This is more than a rhetorical change. Without QE the target cannot be reached. By committing to this number, the ECB in effect agreed to QE.

Those who have opposed the programme know that once the ECB has a balance sheet target, QE will follow by default. The ECB's existing programmes are not big enough to reach that goal.

In light of this new situation, the question is no longer whether QE will happen but how it will work. I would expect the size of any programme to be about €500bn. With that, the balance sheet target could be in reach. So what would €500bn buy?

The total amount of the eurozone's government debt is about €9tn, so such a programme would just be 5.5 per cent of the total. Compare this to the UK, where the Bank of England's stock of government debt was about 25 per cent of the total issued as of 2013.

If the ECB wanted to do as much as the BoE did from 2009 onwards, in relative terms, it would have to commit to purchases of more than €2tn. In fact, it has to do quite a bit more because it has started much later, and because the situation in the eurozone is more serious.

Those on the ECB's governing council who oppose QE fear that it would trigger a larger programme later on. This is why I expect Berlin to mount a legal challenge in the European Court of Justice. A €2tn programme, or something approaching that, would have a similar economic effect to a eurozone bond — that is, a jointly issued debt security — which is something Germany has been resisting. In that scenario the ECB would absorb a big chunk of the outstanding debt of highly indebted eurozone countries, and keep it on its books forever.

> By committing to a €1tn increase in the size of its balance sheet the bank has in effect agreed to QE

The alternative to a large programme is an inadequate one — for example, one that stops at €500bn. It would meet less opposition in Berlin. Unfortunately, it would also be economically irrelevant.

To see this, one should consider the channels through which QE works. The most direct impact would be on the interest rates of the securities purchased. If the central bank buys five-year government bonds, the price of those bonds will rise and the yield will fall. Since those bonds serve as a benchmark for bank loans, the interest rates on banknotes may fall as well, in theory, though probably not in the eurozone.

Then there is the "portfolio rebalancing channel": when banks sell bonds to the ECB, they will need to buy something else instead. They might lend it out. They might buy other risky securities. This may well be the most important effect but it will probably not be as effective as it was in the US and the UK, when asset prices were lower.

What about the exchange rate? This is the most overrated channel. The euro's trade-weighted exchange rate has fallen by only 4 per cent in the past year. It could come down a little further, but this is not going to do the heavy lifting. The eurozone is simply too big for that.

The only truly significant conduit of a QE programme would be a debt relief channel. If the ECB were to buy, and retire, a quarter of Italian debt, life in Italy would become a lot easier. That, however, is not going to happen — either because the programme is too small or, if not, Berlin would challenge it legally.

If you want to push the money through these channels into the economy, you will need a lot of money and a lot of pushing. Ideally, you would not start from here but from where the US Federal Reserve or the Bank of England started in 2008 and 2009 respectively.

My fear is that a European QE programme will happen but still stay trapped in Zeno's paradox.

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The march of artificial intelligence is a long way off

OPINION

Andrew McAfee

When hugely intelligent and accomplished people start worrying a lot about artificial intelligence, should we join them? The physicist Stephen Hawking recently told the BBC that "the development of full artificial intelligence could spell the end of the human race". Earlier this autumn the entrepreneur Elon Musk called AI "our biggest existential threat" and compared the research under way to "summoning the demon".

Why is this? Prof Hawking gives a concise summary of the big fear: that once there is true artificial intelligence — a full digital version of the human mind — it "would take off on its own, and redesign itself at an ever-increasing rate . . . Humans, who are limited by slow biological evolution, couldn't compete, and would be superseded."

AI does appear to be taking off: after decades of achingly slow progress, computers have in the past few years demonstrated superhuman ability, from recognising street signs in pictures and diagnosing cancer to discerning human emotions and playing video games. So how far off is the demon?

In all probability, a long, long way away; so long, in fact, that the current alarmism is at best needless and at worst counterproductive. To see why this is, an analogy to biology is helpful.

It was clear for a long time that important characteristics of living things (everything from the colour of pea plant flowers to the speed of racehorses) was passed down from parents to their offspring, and that selective breeding could shape these characteristics. Biologists hypothesised that units labelled "genes" were the agents of this inheritance, but no one knew what genes looked like or how they operated. This mystery was solved in 1953 when James Watson and Francis Crick published their paper describing the double helix structure of the DNA molecule. This discovery shifted biology, giving scientists almost infinitely greater clarity about which questions to ask and which lines of inquiry to pursue.

> We are still many Watson and Crick moments away from anything to worry about

The field of AI is at least one "Watson and Crick moment" away from being able to create a full artificial mind (in other words, an entity that does everything our brain does). As the neuroscientist Gary Marcus explains: "We know that there must be some lawful relation between assemblies of neurons and the elements of thought, but we are currently at a loss to describe those laws." We also do not have any clear idea how a human child is able to know so much about the world — that is a cat, that is a chair — after being exposed to so few examples. We do not know exactly what common sense is, and it is fiendishly hard to reduce to a set of rules or logical statements. The list goes on and on, to the point that it feels like we are many Watson and Crick moments away from anything we need to worry about.

But what about the superhuman technologies listed above? Are they not significant? They are, but not because they are moving us closer to "full AI". They are examples of what can be accomplished with extraordinary amounts of computing power, oceans of data and software that learns from being shown lots of examples. Systems such as these will improve our lives and change our economies, but they are about as likely to rise up against us as forklifts are.

One thing I have learnt from technological progress is never say never, so I will not dismiss the possibility of unlocking the mysteries of intelligence. But we are not close to doing so yet. At least some of the AI alarmists acknowledge this fact, but then state that grave threats to humanity must be taken seriously, even if they are highly unlikely.

We have more than enough real near-term challenges to deal with: unemployment and other economic woes, terrorism, terrifying diseases, global warming — the list is depressingly easy to generate. Why add to it by maintaining that the phantoms of the far future are demons coming for us soon?

The writer is co-author of 'The Second Machine Age' and a blogger for FT.com

BUSINESS EDUCATION

Lighting up China's start-up spirit

The country's business schools see more interest from students wanting to launch companies, writes Della Bradshaw

In the cold basement of an office block in northwest Beijing, a group of would-be entrepreneurs huddle around a computer screen, poring over their latest prototype. A few miles away, in a well-heated and distinctly more luxurious underground lecture room, a group of 30 managers and entrepreneurs also debate ideas for new products and ventures.

Both groups are testament to the growing appetite for start-ups in China. Just as business schools in the US and Europe have reported a surge in student interest in running their own companies, business schools operating in China are also reporting a thirst for all things entrepreneurial.

"Start-ups are the new sexy thing," says Yi Wang, co-founder and chief executive of Liu Li Shuo, which developed an English language app for Chinese smartphone users, the only education app selected by Apple in the 2013 App of the year award in China.

"Definitely you're seeing an increasing trend in entrepreneurship in China. Top-tier venture capital firms are looking for young entrepreneurs — there's a whole ecosystem coming up," Mr Wang enthuses. "In recent years companies that have been making the biggest impact on people's lives have been internet companies and behind them encouraging stories about ordinary people making it big."

Mr Wang is one of the participants on the 10-week Stanford Ignite programme, which the Silicon Valley business school ran in Beijing for the first time in October and November. There, in the Stanford building in the heart of the Peking University campus, a select group of 30 entrepreneurs and intrapreneurs devise business plans that may one day prove to be highly successful companies.

Mr Wang's own history is typical of many of China's new breed of entrepreneurs, he says. He went to the US to study for his PhD, worked for Google for two years and then returned to Shanghai to work for an internet marketing company. His two co-founders report a similar history. As more and more Chinese students study overseas, behaviour at home is changing rapidly, with young people eschewing the traditional large corporation he says.

The sentiment is echoed in the spartan basement that is Tsinghua University's x-lab, where angel investors rub shoulders with students and alumni from across the university, arguably China's most prestigious. Between them they are developing everything from the latest electrically powered scooter to moderately priced 3D printers and wearable health monitors.

Since the x-lab launched 18 months ago, some 400 start-ups have used the facilities, says Pearl Mao, executive director. Close to 300 of them continue to flourish and more than 30 of them already have substantial funding.

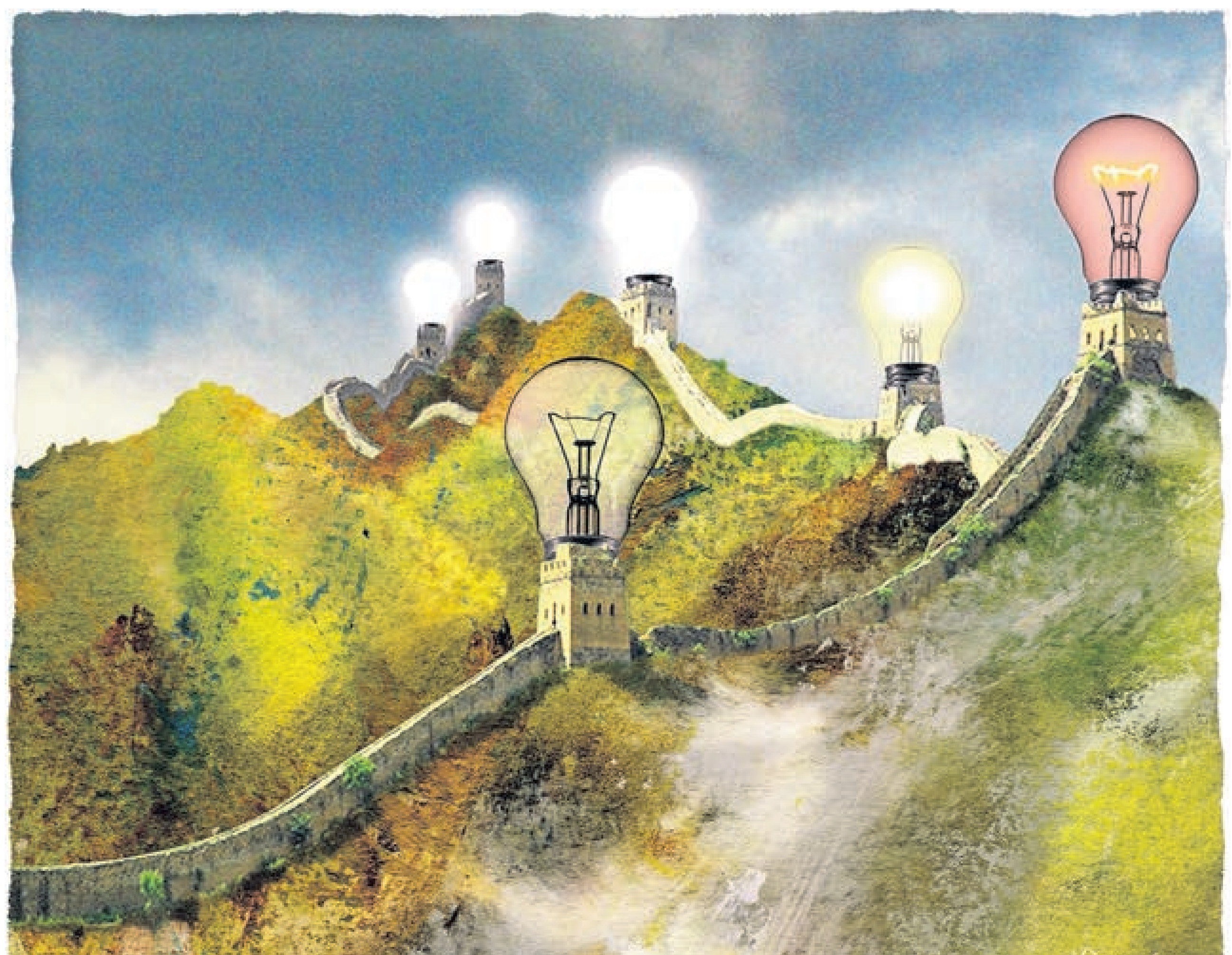
> 'Venture capital firms are looking for entrepreneurs [in China] — there's a whole ecosystem coming up'

What is more, every Thursday the x-lab's team holds project meetings and each week 10 new ventures pitch to become part of x-lab. Those that succeed can use the facilities free of charge.

Michael Ma, who graduated from Tsinghua SEM in 2006 with an Executive MBA, fits the bill. He believes there is much to be done in creating English language teaching technology. "China is the biggest market for foreign language learning in the world," he points out.

His company, Beijing Peapad Education and Technology, targets parents of young children with its small, green, talking pea character, which is controlled through a parent's smartphone and uses songs and games to teach English.

"There was no such product in the market. We think it is important for Chinese kids to learn English," he says. "Also we believe there is a lot of money to be made in the industry."



Mr Ma has ambitions for the Peapad to be on the market in the first half of 2015, and will offer the Peapad hardware for free, with parents buying software, services and access to the community.

"Our ambition is a bit more than language learning," he says. "There is no smart device [like this] in the market for kids. We believe in the next 10 years this will be a real trend.

"Currently early childhood education is offline all over China, but we believe over the next few years it will all go online. Hardware is a channel and we are providing the channel."

In developing his product Mr Ma has taken advantage of other start-up ventures in the x-lab — a computer graphics company helped design the website and Peapad games and a 3D printing firm helped develop a scale model. The x-lab offers legal advice on patents and access to Tsinghua's industrial design centre as well as advice from angel investors and venture capitalists.

It has also performed a more specific educational role, acting as the intersection between Tsinghua's academic departments, says Ms Mao. So far between 10 and 20 per cent of all Tsinghua students are involved in some way.

Stanford Ignite faculty director Yossi Feinberg says that while New York is the home of media start-ups and Silicon Valley of biomedical and tech companies, there is demand across the board in China. "China is [into] everything. There is a lot of low-hanging fruit."

The growing middle class in China means high demand, but this can in turn create issues, says Prof Feinberg. "The biggest problem to any venture in China to me is the [low] barriers to entry. The only barrier is, can you create something big enough so others can't enter the market."

Now the entrepreneurial genie is out of the bottle, Mr Wang says it is unlikely the process can be reversed. His company resembles a US internet start-up, with free meals and company-funded holidays. Why would people who have operated in this environment all their working lives want to work for a state-owned enterprise, he asks?

Spreading the word
Stanford to take its expertise overseas

Stanford GSB, the business school at the heart of Silicon Valley, is taking its entrepreneurial know-how to two more of the world's top cities in 2015 — London and New York. Stanford Ignite has been taught previously in Paris and Santiago as well as in Beijing and in Palo Alto, where the programme was launched in 2006.

Those programmes used outside California rely on professors visiting from Stanford combined with lectures taught using videoconferencing technology. "I think we found a model for a remote immersive education experience," says Stanford Ignite faculty director Yossi Feinberg.

Though professors often teach remotely, the local experience for participants is intensive and personal. "You need teams, you need mentoring," says Prof Feinberg. "Part of any educational experience is that you create a trusted network."

Once the class is accepted, participants submit ideas for ventures, the best of which are worked on by groups, alongside the lectures. These ventures form the backbone of the 10-week programme.

Prof Feinberg has high expectations for participants. "I expect everyone to start their own company or lead innovation in their [current] company," he says. Stanford Ignite has a strong record: more than 100 successful companies have so far been started by participants on the programme.

In London, the programme will run in Canary Wharf and be hosted by Infosys — the IT company already hosts the programme in Bangalore. Stanford is accepting up to 50 students for the certificate programme, which will be taught in September 2015. It is aimed at participants with strong scientific, medical, or technical backgrounds who do not have an MBA or other advanced degree in business.

Dean, businessman and social entrepreneur

Peter Tufano is aiming to spread access to finance, writes Jonathan Moules

Business school deans are well versed in preaching the virtues of teaching entrepreneurship. Peter Tufano, dean of Oxford's Saïd Business School, has gone one step further and become a business founder.

The US-born graduate of Harvard Business School co-founded Doorways to Dreams, or D2D, a not-for-profit venture that aims to give low-income households access to financial services. As such he is in the midst of trying to introduce a national system of prize-linked savings into the US, similar to the UK's Premium Bonds programme that has operated for more than 50 years.

The business idea came to him shortly after securing his tenure as a professor at HBS, when he visited south central Los Angeles, a notorious neighbourhood with high poverty and crime rates.

Peter Tufano: 'I think that the work we're able to do can make people's lives better' — Shaun Curry

Privilege

"I realised there's a massive hole [in thinking], both among academics and in the business world," Prof Tufano recalls. "In the 1980s and 1990s the rush was to serve the wealthy and increasingly wealthier and not serving the rest of folks."

He returned to HBS determined to try to understand how finance worked for the majority of people, not just for those studying at the business school, who were privileged enough to work for some of the world's largest companies.

"I used to write on the board . . . 'rather than help thousands of people make millions of dollars, let's help millions of people make thousands of dollars', and I decided I would do it.

"My colleagues at HBS thought this was just a statement that someone would make to get tenure. It sounds politically correct and they didn't understand that I was serious about it."

He launched D2D in 2001 with Jeff Zinsmeyer, a former senior executive at the Bank of Boston's First Community Bank, and Tim Flacke, who had just graduated from the Masters of Public Policy programme at the Harvard Kennedy School of Government. Mr Zinsmeyer became the first executive director of the D2D fund, while Prof Tufano took the role of chairman.

Research and development

They started trading from a rundown brick warehouse in Roxbury, Massachusetts, with half a million dollars in seed funding from the Ford and Annie E Casey Foundations.

D2D is essentially a research and development operation to create innovative financial products for poorer customers that can then be delivered for profit by financial services companies.

"The space that we're working in is intellectually exciting as well as complex," says Prof Tufano. "We've changed two big federal laws. We've launched a new set of products in the US that seem to be working fairly well."

The push to introduce prize-linked savings is based on the success of such schemes elsewhere. They tap into the same impulse that prompts millions worldwide to buy lottery tickets — the chance to win a prize. The difference between lotteries and these savings products is that the account holders' principal is not at risk. Rather than earn a small but certain level of interest, they get a chance to earn a large payout.

Social entrepreneurship

D2D has already run a pilot exercise in Michigan, called Save to Win, after discovering a loophole in the US state's laws that allowed it to test the service with credit unions. Under US federal law it is illegal for banks to have anything to do with something that could resemble a lottery, so D2D is lobbying for Congress to change this.

While D2D provides Prof Tufano with practical experience of social entrepreneurship, he claims his main incentive was to provide others with the kinds of opportunities he knows he was lucky to receive.

"I grew up in relatively modest means and I got lucky, quite honestly, a combination of winning some scholarships and my family.

"I can write cheques, I can go out and paint playgrounds but the thing that I know better than a lot of other people is finance and in that space I think the work that we're able to do can make people's lives better."

Soapbox

MBAs and the human factor

As the financial crisis of 2008 recedes into memory it seems many lessons have been learnt. Reforms such as Basel 111, Dodd-Frank and the Volcker rule aim to tackle the problems that caused the last crisis.

However, these reforms will not stop the next crisis because they do not go to the heart of the matter — the problem of the flawed humans who operate the financial system.

Business schools have done much to improve business competence, but in spite of some exceptions, their teaching of finance has not changed. For example, they continue to teach the capital asset pricing model, populating the financial system with quasi-engineers with minds that resemble finely tuned Ferraris, when what is needed are robust 4x4s.

This is not good enough. Finance MBAs need to be practical humanists and the core of the curriculum in MBA finance courses should be learning to understand human fallibility. MBA programmes should be turning out modern day practical philosophers who understand the vicissitudes of human affairs and who have a strong sense of their human failings. These students should be imbued with ideas such as margin of safety and the irrationality of the market. They should recognise that the economic and financial world is best understood as a complex and unpredictable system which individuals will never be able to measure precisely.

It is only when the broad mass of business school graduates, especially those who major in finance, understand these teachings that the capitalist system will be successfully and permanently improved. — *Guy Spier is the author of The Education of a Value Investor and runs the Aquamarine Fund.*

The business of education

ft.com/women

Women in business
Tara Swart designed and runs the neuroscience and leadership course at MIT Sloan School of Management. She believes there is a connection between brain function, physical wellbeing and workplace productivity and capability. Dr Swart trained as a doctor and neuroscientist, and practised medicine for several years before deciding in her mid thirties to move into consultancy work.

ft.com/mba-blog

Second thoughts
Most students start their MBA with a detailed road map about their future career. But, as Merih Ocbazghi discovered, plans often fall apart once recruiting begins. As banks and consulting firms arrived at Kellogg School of Management, the MBA blogger saw his peers reconsidering their futures: for example, committed, would-be consultants suddenly understood the appeal of investment banking.

ft.com/video

The hard edge of green economics
The circular economy – the design, manufacture and use of products that can subsequently be re-manufactured and re-used – is beginning to attract the attention of companies.

However, Jon Reast, dean of Bradford University School of Management, says that it is not the environmental arguments but the economic ones that are winning over these corporates.

1st

ft.com/business-education/europe

Did you know
HEC Paris's Executive MBA programme, taught jointly with the London School of Economics and New York University's Stern School of Business, is top for the average salary of its alumni three years after graduation at around $307,000. London Business School heads the MBA pay ranking with an average of $157,000 according to data in the FT European business school ranking 2014.

After 15 years of practice, why are we still so awful at email?

Lucy Kellaway

On work

Last week I got an email that went like this. "Dear colleagues, Please join me for the next Global Conversation webcast on December 10th. All the details are in my blog post. Best — "

It was short and snappy, which was good. It was clear and fairly free of jargon, which was also good. Yet it still managed to needle me in three different ways. For a start, I prefer an email to contain the facts rather than an invitation to find them elsewhere. Although I enjoy good conversation as much as the next person, the thought of a "Global Conversation webcast" was lowering. And "Best" is among the worst email sign offs, beaten only by "very best" and "bestest" — in that order.

Given my flair for finding jarring things in the briefest, most anodyne message, I got excited last week when I saw someone tweeting a Fast Company article about the most annoying email habits.

Some of these were news to me. The biggest crime, the magazine said, was not putting a telephone number on your email. I never reveal my mobile number to strangers for the excellent reason that I do not want them to ring me on it. One of the least annoying things about email is that it is a lot less bothersome than a phone call.

The article also objected to emails that simply say "Thanks", on the grounds that such messages waste the recipient's time. This is nonsense. As the average adult reads 250 words a minute, surely even the most crazy-busy executive has 0.004 minutes to spare on this single, polite word.

But the bulk of the annoying things singled out by the magazine — making emails too long, overusing "reply all", putting cheesy aphorisms at the bottom — are things I agree with. They are also things that only the deranged could disagree with, which raises the interesting question: if these things are so universally known to be aggravating, why do people go on doing them?

One of the greatest puzzles about email is that despite the fact that we have spent several hours a day for the past 15 years practising, we are failing to show any improvement. Even on the basics, we are as clueless as ever.

What is the right way to start an email? Far from a consensus emerging, the salutation chaos goes on getting worse.

The tension between the formal and colloquial is far from resolved. In my inbox there are some examples of "Dear Sir/Madam" as well as plenty of messages beginning "Hey." Last week my garage bravely attempted to solve the problem with a message that began: "Hi Miss Kellaway."

I detect two new trends emerging in greetings, both bad. One is to start messages with "Good morning" or "Good evening". This grates both for its fake heartiness and because it assumes that the recipient is in the same timezone and so hooked on email they open all messages immediately. The other is to start baldly with "All", which is badly missing the "Dear" that should come before it.

Sign-offs are getting worse too. There are as many Cheers, Kindest Regards and Very Bests as ever, but there is a new tendency to pile on the pleasantries one on top of another. I received an email last week that ended, "I look forward to hearing back from you. Many thanks and speak soon. With very best wishes."

This reminds me of the man who runs our local corner shop, who always says, "All the best, see you later, cheers, bye-bye", as customers leave. English is a new language for him, and I dare say he will get the hang of it in time. But will emailers? It's not looking promising.

Even more annoying than any of the above is the recent development of the "read receipt", which demands your permission to let the sender know you have opened their dratted message. Not Now, I always click irritably, deeply regretting that there is no button that says "Mind your own flaming business".

> I detect two new trends emerging in greetings, both bad. Sign-offs are getting worse too

Given that email is getting more aggravating all the time, what is encouraging is that it gets to me less than it used to. This might be to do with the mellowing that comes with age.

But there is also an element of, if-you-can't-beat-'em-join-'em. Exclamation marks, which I used to despise, are now sprinkled throughout my messages in an abandon of Great news! Delighted! And Lovely! It can't be long before smiley faces, which used to bring on a feeling of shrinking revulsion, start appearing too.

However, the main reason emails annoy us less is that while we have got no better at writing them, we are far better at reading them. Which is to say we have got far better at not reading them. Irritating messages hardly grate at all any more because those that make it through our admirable filters can be swiftly sent on their way by pressing delete.

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Monday interview. Ed Richards, Ofcom CEO

Master of a balancing act

The UK media watchdog's head tells Daniel Thomas about the Murdochs, market convergence and steadfast impartiality

Sofa diplomacy: Ed Richards has handled a variety of tough negotiations with media and telecoms leaders in eight years at the top of Ofcom

Charlie Bibby

It is a small wonder that Ed Richards has lasted as long as he has as head of Ofcom, one of the UK's most influential industrial regulators, with oversight of the turbulent media and telecoms markets.

The youthful looking chief executive, who steps down at the end of December, has undoubtedly served his time after 11 years, eight of them in the top role. As one of the architects of legislation that created the watchdog from the ashes of the unloved Oftel in 2003, he in effect wrote his own job description.

In doing so, he was also helping to draw up the blueprint for how digital media and communications would operate. Yet few of the regulator's decisions have not involved intense debate that sometimes tipped over into headline-grabbing controversy.

"It is a subtle balancing act," says Mr Richards, reflecting on the conflicts that arise from dealing with the big business and consumer interests that have summoned some tough characters to the black sofa in his corner office overlooking the river Thames.

Among them the Murdoch family, who have faced him across the table on a number of occasions as Ofcom came to contentious decisions around the role of media and ownership rules.

"The Murdochs fight their corner like everyone else," says the unflappable 49-year-old. "There have been a lot of tough people sitting on that sofa. These are big companies and they all fight their corners in different ways."

There is little in the office to take with him when he leaves — a couple of shelves of industry books — and the clean desk and nondescript Ofcom posters on the wall create an austere impression. Many of his meetings with industry figures are held here. "I might have been to the Ivy," he muses of the expense-account media hang-out, "but if so I cannot remember when."

A television set and ham radio equipment are the only giveaways as to the scope of a job that has earned him more than £380,000 a year but there are few personal touches. "I have been inseparable from Ofcom," he says of his desire to keep outside interests distinct from professional life.

The London School of Economics graduate flirted with a media career as a runner for a TV company and in a strategy role at the BBC, but he was always close to New Labour, first as an adviser to Gordon Brown, then Tony Blair and other senior politicians.

As a staunch Blairite — or a "Labour stooge", according to the Daily Mail — it seemed his days were numbered under the incoming coalition government in 2010, since the Conservative party had said Ofcom would be among the first to burn on a "bonfire of the quangos" if it were elected.

Ofcom is an independent body but it has a high-profile role in Westminster where opinions on matters such as newspaper and TV ownership can shift with the day's headlines.

But five years after those threats, Ofcom is stronger than ever. It has even expanded its remit to the regulation of postal services. However, it avoided taking on all press regulation following the Leveson inquiry into the behaviour of the British press, instigated after phone hacking by newspaper journalists.

"We didn't dodge the post but we dodged Leveson," says Mr Richards.

His biggest battle — perhaps the biggest threat to Ofcom itself — involved both the government and the Murdoch family after Ofcom refused to unconditionally the 2010 proposed takeover by News Corp of BSkyB, the pay-television group in which it held a 39 per cent stake, in spite of perceived government support for the deal.

"It was a tough and challenging period," he says. It was also cut short unexpectedly. In 2011, revelations of the phone hacking in 2002 of the voicemail of murdered schoolgirl Milly Dowler by the News of the World emerged and the political current moved sharply against the takeover of BSkyB. Ofcom was vindicated for having initially held out, Mr Richards feels, for an "honest and tough call but that was the right thing to do".

Few say Mr Richards has ever left his position of strict impartiality, a consistency seen as crucial to survive changes of government. Ofcom's decisions are rarely universally liked, but those who have dealt with Mr Richards say that is probably a measure of success.

He even survived a high profile tilt at the BBC director-general job in 2012. He laughs off the application as "a random event . . . it was there and I thought why not", although it led to questions over his role as the broadcaster's regulator.

The BBC licence fee renewal process has now been pushed back until after the 2015 election. "I am not yet persuaded that there is a better alternative to the licence fee," he says of the continuing debate over how the public broadcaster is funded.

This prompts him to sum up the other big issues facing Ofcom.

Commercial broadcasters, he says, also face challenges "given how people consume video, and [in competing with] the companies around the world who are buying content, they need to stay on their game". Ofcom will need a guiding hand on this, he says, acknowledging the increasing difficulty of regulating broadcasts from outside the UK, which are often watched online. For example, there are concerns about product placement on YouTube videos.

Competition in pay-TV has improved, he says, but pricing to the user remains an issue. This will be looked at by his successor as part of a complaint by Virgin Media into how sports rights are auctioned. It claims customers are forced to pay too much to watch games on TV because of the inflation of prices for Premier League football rights.

Then there is the need to rethink the way Ofcom regulates its various markets, which increasingly overlap as telecoms groups buy TV services and content, and media groups look to add mobile and broadband services. This convergence was anticipated in Ofcom's mandate, but the acceleration has taken many by surprise as various deals are discussed between telecoms groups and media companies.

Other jobs also await the next Ofcom head such as preparing for the next stage of "ultra-fast" broadband services, ensuring mobile and broadband coverage plans are completed, and improving communications services for smaller businesses.

But, he says, the UK's media and communications market is "in better shape" than many realise. "People may say that Ofcom didn't do this quite right, or that, but if you look at the bigger picture the UK has got the lowest prices in any comparable economy, some of the best choice and competition."

So why has he stood down? He has calculated the move precisely: "You should do jobs of this kind when you are on top of your game and in my experience that's six to 10 years. After 10, people can tail off, and before six people can't make a difference — eight years is somewhere between the two."

He has no job lined up for when he walks out of the office for the last time. His wife is standing for parliament as a Labour party candidate in the general election next year, but he doubts he will get heavily involved in the campaign.

In fact, his mind is focused on Christmas, which is always a busy, if not joyous, time for Ofcom. "You never know what will happen — you can get some broadcast that causes terrible offence," he grimaces at memories of race rows on Big Brother and Russell Brand's "Sachsgate" prank call controversy. "I assume any of that could break over Christmas."

CV

Born 1965, Barnstaple, Devon
Education BSc (Econ), London School of Economics, MSc (Econ) LSE, Harvard Business School (Advanced Management Program)
Career
1988-1993: Researcher, Diverse TV Production; policy officer, National Communications Union; adviser to shadow chancellor of the exchequer
1993-1995: Senior consultant, London Economics
1995-1999: Controller, corporate strategy, BBC
1999-2003: Senior adviser to the prime minister: internet, telecoms, media and e-government
2003-2005: Senior partner, strategy and market developments, Ofcom
2005-2006: Chief operating officer, Ofcom
2006-2014: Chief executive, Ofcom
Family Married, two children
Interests Music, theatre, TV, radio, film, watching sport and reading fiction

Second opinion

Analytical pragmatism

Stephen Carter, chief executive of Informa, hired Ed Richards when head of Ofcom and then worked alongside him as a government minister.

"He is very smart, very analytical and always looking for evidence-based decision-making. He can be pragmatic; however, he never takes himself too seriously — I found him highly enjoyable to work alongside, and always saw in him a deep belief in the importance of effective public administration."

Working smarter

Lessons from an office that gave lay-offs the boot

EMMA DE VITA

Many businesses want to portray themselves as one big happy family but Next Jump, a US employee loyalty reward company, has gone a step further with its "no fire" policy. "We think of hiring someone more like adopting them into the family," says co-founder and UK managing director Kevin McCoy. "You wouldn't fire your own kid, would you?" Some might disagree.

In theory, a Next Jump employee cannot be sacked for poor performance. Instead, their manager is expected to coach them into improvement or, if that fails, move them into a different role. Unsurprisingly, Mr McCoy admits managers — desperate not to make a bad hire — have become reluctant to fill positions.

Not only does the company claim not to sack anyone, it says it would not make anyone redundant. "There would need to be two massive economic disruptions simultaneously, lasting 24 months or longer, for us to even consider lay-offs for economic reasons," says Mr McCoy. "If we found ourselves in such a dire economic time, I still believe we could find a way to survive and not lay people off."

The "no fire" policy is informed by Next Jump's turbulent history. Founded 20 years ago, it grew to 150 people before the dotcom bubble burst in 2001, when Mr McCoy became one of only four surviving employees. The experience was clearly traumatic.

"No fire" was introduced in 2012 to improve Next Jump's culture and foster a sense of long-termism. Mr McCoy claims that a greater sense of security has pushed up productivity and innovation. Staff have also become more open about their weaknesses. Though no employee has been fired in the past two years, Mr McCoy does admit that some left early on by mutual agreement.

Is such commitment to a worker worth it? Two years down the line, "no fire" is still in its infancy. What will the tricky teenage years bring?

Less time in the office may not improve life

South Korea has some of the longest working hours in the developed world — 50 hours a week on average. This statistic worried the government so much that in 2004 it sought to reduce office hours. Has it helped? Not according to research published in the Journal of Happiness Studies, which found that workers did not become more satisfied with their job or indeed their life when a 10 per cent restriction on hours was imposed. Why? Perhaps because the reduction was too small to have any real effect. Or worse, because workers had to squeeze the same amount of work into a smaller number of hours.

Loosening the reins in a family business

Sir Rocco Forte, chairman of Rocco Forte Hotels told The Sunday Times of the perils of mixing family with business: "[My father] was always extremely worried that I'd make a mistake so he never really gave me any authority, until I did have a lot of authority — when if you made mistakes, you made big ones. So, with my daughters, I've given them authority in the areas they control. They have the respect of the people in the company."

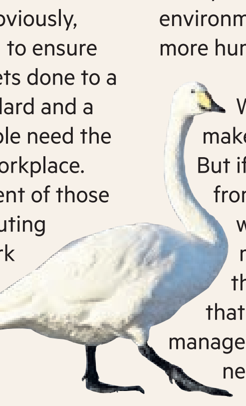
workingsmarter@ft.com

Feedback

In his column last week, after his train was delayed again — this time by a swan on the line — Andrew Hill argued that employers should find ways to alleviate the pain of commuters. Readers agreed:

Companies should do much more to help employees work from home on a regular basis. Obviously, companies need to ensure that the work gets done to a consistent standard and a minority of people need the discipline of a workplace. Even if 20 per cent of those currently commuting were able to work from home regularly, just think of the reduction in pressure on the transport systems, to say nothing on the sanity of those involved. **daviddunn**

If development was a better mixture of commercial and residential, journey endpoints would be more spread out and the process more tolerable, some of us could decide to live more locally and the total environment would be a bit more human. **cockney dave**



Working from home makes complete sense. But if workers did work from home without the watchful eye of a manager overseeing them it would prove that a chunk of managers aren't actually necessary. **FA**

ARTS

Riverside world has lost none of its magic

DANCE

The Wind in the Willows
Vaudeville Theatre, London
★★★★★

Louise Levene

Yuletide balletgoers with a nut allergy might want to try the latest revival of Will Tuckett's 2002 adaptation of *The Wind in the Willows*, enjoying a festive run at the Vaudeville Theatre with a new guest narrator.

Alan Titchmarsh isn't required to dance (file this one under Small Mercies) but the gardener-turned-TV personality has picked quite a challenging role for his West End stage debut. Tuckett's narrator doesn't merely sit on a sofa and read from an autocue but Titchmarsh proves a game participant. His mild Yorkshire accent is a good fit with Kenneth Grahame's elegiac celebration of home and countryside. His delivery is slightly shouty and becomes a mite garbled during the almost patter-like action sequences in Andrew Motion's multi-layered text, but 57 performances should see to that.

The Quay Brothers' ingenious transformations drew constant coos of approval: the attic wardrobe serving as gypsy caravan or judge's bench; the bars of a Windsor chair becoming Toad's prison cell. The furry chums are conjured with the simplest of means: a few whiskers, a pair of ears with all other characteristics supplied by Martin Ward's score and by Tuckett's expressive and characterful choreography. Martin Harvey's raffish and resourceful Ratty shows off his Royal Ballet pedigree in a flurry of bravura steps. Mole is all foetal fidgets, Toad leaps and twitches like a maniacal puppet.

The first act takes its time establishing the warm beer world of the riverbank but things hot up with the arrival of Mr Toad, performed with demonic glee by Cris Penfold in Fotherington-Thomas curls and tartan plus-twos. His motor car (worn around his waist on braces) appears in a zesty interval chase through the theatre foyers to prepare the audience for an action-packed second half in which Grahame's Edwardian idyll is menaced by an oikish band of weasels led by the hilarious Ewan Wardrop.

Wardrop, a veteran of Matthew Bourne's Adventures in Motion Pictures company, is on terrific form in all three of his roles. His lovelorn gaoler's daughter is a masterclass in physical comedy as he capers through the soulfully silly handkerchief duet, sniffing his armpits and dropping a shoulder strap in happy anticipation of romance. Witty, tender, utterly captivating.

Until January 17, roh.org.uk

Demonic: Chris Penfold, centre, as Toad. Below right: Bradley Cooper in 'The Elephant Man'

Johan Persson
Joan Marcus

ARTS VIDEO

Christmas past and present
Griselda Murray Brown visits the Geffrye Museum in London to explore our changing views of the festive season
ft.com/christmaspast

JAZZ

Bobby Avey
Pizza Express Jazz Club, London
★★★★☆

Mike Hobart

Bobby Avey's dense rhythmic mesh of a first set was inspired by the Haitian slave rebellion of 1791, which the pianist/composer described as the only slave rebellion successfully to eliminate slavery. The American was launching his CD *Authority Melts From Me*, a continuous suite whose bone structure, he said, was drum patterns transcribed from field recordings of a Haitian village vodou ceremony. He used them to build a layered, complex and coolly intense work that is far removed from the trancey throb of "voodoo" stereotype.

The evening started with a scramble of rhythm that gradually coalesced into austere M-Base funk. An oblique riff from stand-in bassist and album producer Michael Janisch set the scene; Ben Monder's abrasive guitar fleshed out the detail. The theme, when it arrived, was a sparse sprinkle of sustained notes from alto saxophonist Miguel Zenón, pitched on the chromatic edge of the harmonies that lay beneath.

Avey's suite alternated tension-building improvisation with unaccompanied interludes, the first from piano, the second an impressively controlled multi-rhythmic march from drummer Jordan Perlson. Mirroring the composer's approach to piano, the ensemble moved from thick, multi-textured clumps to sparse lines that hovered percussively at a barely audible volume. At the composition's heart, a grid of single-note lines in perpetual motion moved in unexpected ways. The suite ended with fading, unresolved ripples from Avey's piano that captured the bittersweet emotions of the final movement's title, "Cost".

The second set presented four Avey originals, including a complete and slightly ethereal reimagining of Joni Mitchell's "Woodstock" — Janisch's bass feature, alternating dexterity with silence, was an evening highlight. As in the first set, chromatic melodies sat on clusters of rhythm, and each composition went through many changes.

Avey's band is full of character and each musician showed his mettle and brought demanding music to life. Guitarist Monder combined jazz fluency with a gritty avant-rock aesthetic, Avey classical modernism with modal jazz and Janisch and Perlson both delivered power and finesse. Zenón, though, was the standout, building snakey lines and hard-edged riffs, flurries of notes and soft, lingering vibratos into long constructions that gathered in intensity.

pizzaexpresslive.co.uk

THEATRE

The Elephant Man
Booth Theatre, New York
★★★☆☆

Brendan Lemon

Never seen *The Elephant Man* onstage? Then the Broadway revival of this 1977 play, by Bernard Pomerance, will provide a palpable sense of the drama's clear storytelling and elegant dismantling of Victorian hypocrisies. The two-act evening also provides a chance to gawp at a shirtless Hollywood celebrity, Bradley Cooper, just as 1880s London gaped at the severely deformed man he is portraying, Joseph (here John) Merrick.

What the cast, under the direction of Scott Ellis, does not bring out so well is Pomerance's humour. Previous productions had audiences in stitches. When Mrs Kendal, a well-known performer, visits Merrick at the London hospital where he is given quarter for many years, her tales of playing *Romeo and Juliet* were uproarious. Patricia Clarkson makes Mrs Kendal more amusing than actressy. Like the cast and production in general, she resists embracing the play's melodramatic aspects.

But the play begins, of course, in penny-dreadful fashion: Merrick is on display at a freak show. Rescued by the kind physician Frederick Treves, given fine, handsome bearing by Alessandro Nivola, Merrick begins to blossom. Aristos take up his acquaintance, exclaiming: he is an Englishman. In exchange, Merrick softens his rage. When he is brought to the hospital, a porter is sacked for staring at him, and Merrick comments, "If your mercy is so cruel, what must your justice be like?" However, as Merrick morphs into a more conventional gentleman, Treves realises, belatedly, the cost of the transformation.

Ellis's staging echoes elements of the original Broadway production, whose greatest Merrick, by the way, was David Bowie. The wooden stage is raked and curtains are pulled to shift scenes. With his mouth pulled to the left, and his right arm extended, Cooper works hard to conjure the character. If the effect is slightly hollow, the performance, and the production, are at least broadly satisfying.

elephantmanbroadway.com

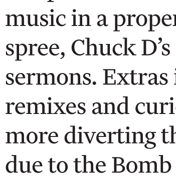
Music New albums reviewed

Pop
By Ludovic Hunter-Tilney

Public Enemy
It Takes a Nation of Millions to Hold Us Back/ Fear of a Black Planet
Def Jam/Universal
★★★★★

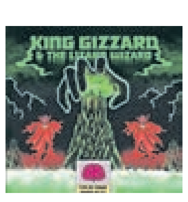
The twin high points of Public Enemy's career are being given the deluxe reissue treatment as part of Def Jam's 30th anniversary celebrations. But a different event has conspired to make their reappearance timely: the unrest sweeping the US following the police shooting of a black teenager in Ferguson, Missouri. Originally released in 1988 and 1990 respectively, *It Takes a Nation of Millions to Hold Us Back* and *Fear of a Black Planet* signalled the brief heyday of black-power politics in rap music: beats raised like clenched fists, samples liberated from other music in a property-is-theft spree, Chuck D's militant sermons. Extras include remixes and curiosities, more diverting than usual due to the Bomb Squad's remarkable production skills. Meanwhile, the actual albums sound shockingly current, an angry message from 25 years ago that hasn't yet been heeded.

Bring the noise: Public Enemy in their 1980s heyday — Getty



Ghostface Killah
36 Seasons
Salvation Records
★★★★☆

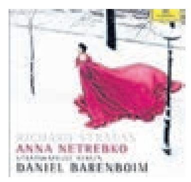
A semi-engaged presence on the Wu-Tang Clan's new album *A Better Tomorrow*, Ghostface Killah turns up the temperature for this solo outing. It finds the rapper in the B-movie soundtrack mode of last year's *Twelve Reasons to Die*, starring in a gore-drenched tale of treachery and revenge set in the days of wah-wah guitars, crackling vinyl, boom-bap beats and hard-boiled action. The story tells of Ghostface's alter ego Tony Starks returning to Staten Island after nine years' absence to find a rival don bossing his patch and wooing his moll. Not on! But Starks gets set up by a corrupt cop (a superb turn by Nas associate AZ), which leads to disfigurement in a bomb attack. Surgical intervention from Dr X (played by Pharoahe Monch) sends a masked Ghostface back out to gain vengeance. Sharp soul and funk pastiches are provided by Brooklyn band The Revelations, Ghostface attacks his verses with customary verve and other guests include New York hardcore rap pioneer Kool G Rap as his rival.



King Gizzard & the Lizard Wizard
I'm in Your Mind Fuzz
Heavenly
★★★☆☆

King Gizzard & the Lizard Wizard have taken the psychedelic urge for exploration too far with their awful name. But the Australians are on surer ground musically. Metronomic drums channel krautrock, howling guitars fire like synapses in an overstimulated brain, riffs are repeated like mantric recantations, vocals have a dreamy, faraway timbre. It's unoriginal ("Cellophane" is pure Can pastiche) but the energy burns bright.

Classical music
By Richard Fairman



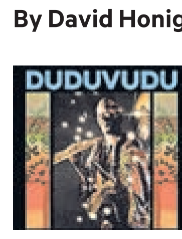
Strauss: Vier letzte Lieder
Anna Netrebko
DG
★★★★★

Given Anna Netrebko's huge popularity in German-speaking countries it is a canny move for her to take up some German repertoire. The star Russian soprano should not be right for Strauss's autumnal *Four Last Songs* but she sings them with such individuality, and an opulence of voice and colour, that doubters should be silenced. Daniel Barenboim and his Staatskapelle Berlin accompany her eloquently and then add a performance of *Ein Heldenleben* that revels in understated, *echt* German musicianship of long tradition — an unusual treat.

Walter Arlen: Die letzte Blaue
Daniel Wnukowski
Gramola
★★★★☆

The "last blue" was the late-night tram in prewar Vienna. It is a memory steeped in sadness for Walter Arlen, who lost family, livelihood, and a likely future as a composer as a teenage exile from the Nazis. Now 94, he is hearing much of his music for the first time and this two-disc selection of small-scale pieces provides an idea of what was lost. Here are intimate piano solos, nostalgic songs and bittersweet violin music. Daniel Wnukowski is the devoted pianist, well supported by violinist Daniel Hope, and singers Rebecca Nelsen and Christian Immler.

Jazz
By David Honigmann



Various Artists
Duduvudu: The Gospel According to Dudu Pukwana
Edgetone
★★★★☆

Dudu Pukwana was one of the golden generation of South African jazz musicians who went into exile in the early 1960s. Pukwana ended up in London, and *Duduvudu* sees many of his confrères from the time (Annie Whitehead, Harry Beckett) paying joyous tribute. Though not always faithful in details (the electric piano on "Diamond Express", for example, is a far cry from marabi), it is always true to the spirit of his music and its gospel and blues roots.

Sporting View
FINANCIAL TIMES

Explore more sports data analysis and visualisation in our new series at **ft.com/baseline**

RG3 joins the bench of fallen heroes

To most people on the planet RG3 sounds like one of the robots from *Star Wars*. In Washington DC, and in football-obsessed America, RG3, aka Robert Griffin III, is known as the quarterback (the position around whom teams revolve) who has fallen faster and further from a state of sporting grace than just about any professional athlete in living memory.

Lance Armstrong, his cycling achievements irrevocably tarnished, and Luis Suárez, the biter-in-chief who is in rehab in Barcelona, suddenly have company.

The story is about the man, but just as much about the city, long starved for sporting success, and the contemporary environment with its fickle social and sports talk media, RG3's chosen milieu. Their common denominator is a testosterone-driven hyperbole that lives entirely in the moment and that, having lifted expectations to the skies, turns vicious when disappointed.

But first Washington: its baseball Nationals are currently good, but the franchise has not won a World Series since Hoover was president; the basketball Wizards' last championship was under Carter, when they were the Bullets and based in Baltimore; and the ice hockey Capitals are still waiting for hell to freeze over.

The Redskins, though, are the particular local passion, far exceeding all others, winners of three Super Bowls, the last when Papa Bush occupied the White House. Since then they have been pretty bad, though the passion remained, in the media and among the public. Even the controversy over whether the team's name was demeaning to Native Americans was brushed off by the faithful as an unnecessary intrusion of political correctness.

They were bought 15 years ago by Dan Snyder, a prickly marketing mogul who, like many sporting owners, thought he knew more about the game than those steeped in it. Addicted to famous names, some long over the hill, the team have had eight head coaches and 16 starting quarterbacks in his time, not exactly a recipe for consistency or success. (Superb New England have had one of each since 2001.)

But salvation seemed to have arrived in 2012 with RG3. The Redskins mortgaged their future to get him, surrendering three first-round picks in the college draft. But in that glorious first year he was electric, faster in cleats than Usain Bolt, throwing lasers down field.

Even before he took the team to the play-offs, RG3 was all over the media, endorsing everything made in America on TV and venting his always upbeat thoughts to a gazillion followers on social media.

Some wiseacres grumbled that it was impossible to play quarterback in the National Football League for any length of time with his abandon without getting seriously injured, and that he needed to learn how to play "in the pocket", behind his offensive line, reading defences, only running when necessary, like all the great ones do. And in that play-off game, one hit messed up his knee.

He wore a brace on it in 2013 and it showed. Late in the losing season, his veteran coach, Mike Shanahan, sat him down for the rest of the year for "health reasons". By then there was bad blood between the quarterback and the coach, played out through press leaks, the old-school Shanahan method, and Twitter, where the thoroughly modern RG3 had his nest (next to Mario Balotelli's). Snyder fired the coach and kept the quarterback.

This year, under yet another coach — straight-talking Jay Gruden — things went from bad to worse. RG3 fractured an ankle, and, on returning, looked lost, immobile and indecisive in the pocket.

He blamed his teammates for their shortcomings — true, but not smart to say. Gruden publicly criticised his manifold technical shortcomings. Steve Young said RG3 did not do his homework — and he should know, as the quarterback, good enough to replace the incomparable Joe Montana in San Francisco, who learnt how to use his own fast legs judiciously. Finally Gruden benched Griffin, and Snyder did not object.

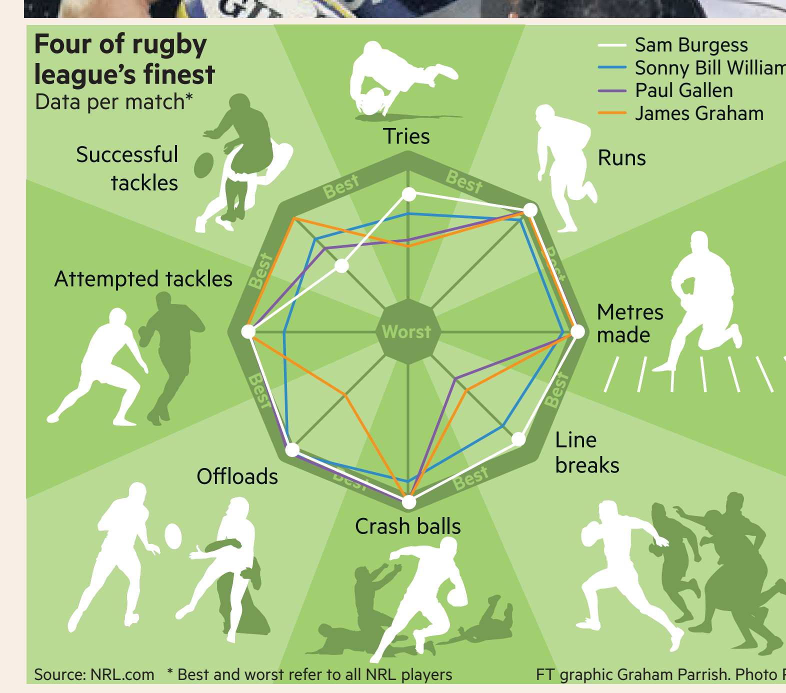
In the public eye, on talk radio and social media, the worm turned against RG3 with a vengeance almost painful to behold. He was a narcissist, would never play for the Redskins again, his trade value had plummeted — unless, of course, Barcelona beckons.

Tamed: Griffin is 'sacked' by Houston Texans in September. Playing 'in the pocket' has not come easy — Thomas B. Shea/Getty

Jurek Martin

The Baseline

Sam Burgess: England's new great hope



Source: NRL.com * Best and worst refer to all NRL players FT graphic Graham Parrish. Photo PA.

JOHN BURN-MURDOCH AND GAVIN JACKSON

Sam Burgess made his debut in rugby union the Friday before last. Before that the 25-year-old had only ever played league professionally. Now he is on a fast track into the England side ahead of the Six Nations in February and is the great hope for the World Cup later in the year.

But just how good is he?

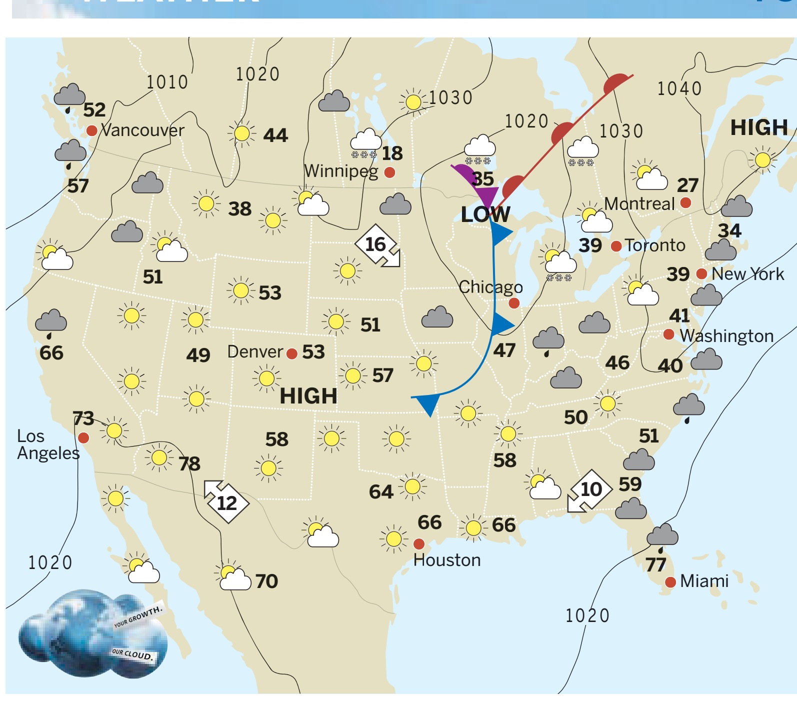
In every key category for his position, Burgess is among the best, based on data from Australia's National Rugby League.

He is ranked second for runs at the opposition with the ball, third for distance covered with the ball, and is in the top 10 for crash balls and offloads, where he draws opponents towards him to create space, before delivering the ball to an onrushing team mate.

Like New Zealand's Sonny Bill Williams before him, what makes Burgess a strong candidate for a successful code switch is that not only does he have the big physique and athleticism that come with success as a forward in league, but he combines these with technical skill and an unerring ability to find gaps in the opposition defensive line.

Looking at the very best of Burgess's positional rivals in the NRL, ground coverage, big tackling and crash balls are there in spades. Where Burgess stands out is in his contribution to try scoring and the number of line-breaks he makes.

WEATHER

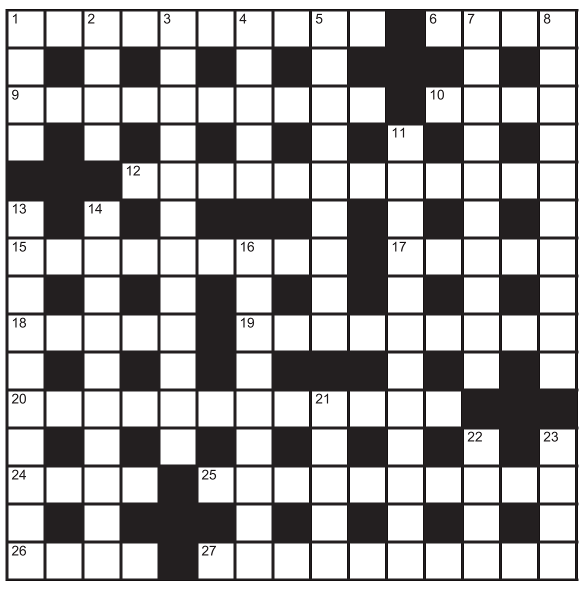


Forecasts by MeteoGroup Warm front Cold front Occluded front Wind speed in MPH

Today's temperatures Maximum for day °C & °F

Abu Dhabi	Sun	28	82	Madrid	Sun	11	52
Amsterdam	Hail	6	43	Manila	Thunder	26	79
Athens	Thunder	16	61	Melbourne	Drizzle	19	66
Atlanta	Cloudy	9	48	Mexico City	Sun	19	66
Beijing	Sun	4	39	Miami	Cloudy	25	77
Belgrade	Rain	6	43	Montreal	Fair	-3	27
Berlin	Cloudy	5	41	Moscow	Cloudy	-4	25
Bermuda	Thunder	21	70	Mumbai	Sun	33	91
Bogota	Rain	18	64	Nassau	Fair	27	81
Brussels	Sleet	3	37	New York	Cloudy	4	39
Buenos Aires	Sun	31	88	Nice	Sun	16	61
Caracas	Fair	31	88	Oslo	Fair	0	32
Chicago	Sleet	4	39	Paris	Shower	5	41
Copenhagen	Shower	5	41	Prague	Fair	4	39
Dallas	Sun	18	64	Reykjavik	Cloudy	0	32
Delhi	Sun	26	79	Rio	Sun	32	90
Dubai	Sun	28	82	Rome	Sun	15	59
Dublin	Sleet	5	41	San Francisco	Cloudy	19	66
Edinburgh	Sleet	4	39	Seoul	Sun	2	36
Frankfurt	Fair	5	41	Shanghai	Sun	10	50
Geneva	Shower	8	46	Singapore	Thunder	30	86
Hamburg	Cloudy	4	39	Stockholm	Cloudy	4	39
Helsinki	Sleet	3	37	Sydney	Thunder	30	86
Hong Kong	Fair	21	70	Taipei	Rain	20	68
Honolulu	Fair	28	82	Tel Aviv	Sun	25	77
Jakarta	Thunder	32	90	Tokyo	Fair	9	48
Karachi	Sun	31	88	Toronto	Fair	4	39
Lima	Fair	24	75	Vancouver	Rain	11	52
Lisbon	Sun	14	57	Vienna	Cloudy	7	45
London	Fair	7	45	Warsaw	Sleet	3	37
Los Angeles	Sun	23	73	Washington	Cloudy	5	41
Luxembourg	Snow	2	36	Zurich	Sleet	4	39

MONDAY PRIZE CROSSWORD
No. 14,799 Set by FALCON

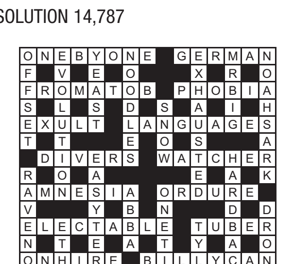


A prize of The Good Word Guide by Martin Manser and How to Sound Clever by Hubert van den Bergh will be awarded for the first correct solution opened. Solutions by Monday December 15, marked Monday Prize Crossword 14,799 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday December 22.

ACROSS
1 Singer born in grand Merseyside town (4,6)
6 Almost bald celebrity (4)
9 Group from golf club, by first (4,6)
10 Boast in British newspaper (4)
12 Collection of books to be found in mate's tent, by implication? (3,9)
15 Lawman with newly formed Tea Party (5,4)
17 Date long depression (5)
18 Ring in private (5)
19 Strike front of ship, with 50 on vessel (9)
20 Salesman René, in tune, possibly, with Rex, a middleman (12)
24 Last of such fish in list (4)
25 Trendy school and capital variety theatre (10)
26 Obscure English coin (4)
27 Cruel men tortured American fictional character (5,5)

DOWN
1 Barrister forgoing fine cheese (4)
2 One dubious name for a volatile gas (4)
3 They may be running moment race is off (12)
4 Poet from Brentwood is talented (5)
5 Decorative item from Paris bent, unfortunately (9)
7 Appropriate steps taken at the Christmas dinner dance? (6,4)
8 Appropriate lament, we hear, for a hunted creature at sea (5,5)
11 Part of motorway difficult to bear (4,8)
13 Fish as it thawed out (6,4)
14 Style of jazz, most important, and current (10)
16 Slander a small individual I introduced (9)
21 Plane crashed in Asian country (5)
22 In favour of male cast (4)
23 Disorder in Times Square (4)

SOLUTION 14,787



The winner's name will be published in Weekend FT on December 20

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UK regulator to review bank penalties as fines soar

Concerns that cost of forex and Libor scandals are affecting banks' capital

CAROLINE BINHAM — LONDON

The UK's financial regulator is to review its fining regime amid increasingly anguished cries from banks over the inexorable rise of penalties.

Fines by the Financial Conduct Authority have hit record levels after investigations into the alleged rigging of Libor interest rate benchmarks and the foreign exchange market.

The FCA has meted out £1.39bn in penalties since April, more than triple the £425m levied in the whole of the 2013-14 financial year, which at the time was a new high.

Almost all of this year's total is attributed to the £1.1bn that five banks paid to the FCA last month to settle allegations that they attempted to rig forex, one of the biggest financial markets in the world. The fines were part of more than $4bn in penalties paid by seven banks to US, UK and Swiss authorities.

The record-breaking total comes amid concern that City scandals and resultant fines are weighing on banks' capital. Andrew Bailey, deputy governor of the Bank of England, has said that authorities around the world should better co-ordinate their penalties.

"This is not a penalties race," said Georgina Philippou, an FCA director of enforcement strategy, at the regulator's biennial conference last week at which the figures were presented. "We are not competing against any other regulator in the world."

The FCA fines have increased not only because of benchmark-rigging probes but also because a new penalty regime that allowed for higher fines for wrongdoing found since 2010 is now taking effect. Ms Philippou revealed plans for the watchdog to review how well the new regime is working.

"We believe that we now have enough cases to pause and take stock and we plan to start a review of our penalty policy in the next financial year," she said.

The current regime gives the FCA the discretion to bump up fines to act as a deterrent.

The watchdog explicitly increased fines on banks in the forex probe because they had not learnt key lessons from the earlier and similar Libor investigation.

£1.4bn	£425m
Fines delivered by the Financial Conduct Authority since April	Total fines levied by the FCA for the 2013-14 financial year

The scale of the forex and Libor investigations have weighed on the watchdog's ability to open new cases and have led to far fewer penalties being taken against individuals. Just nine individuals have been sanctioned by the FCA in the financial year so far, for a total of £2.2m. This compares with the £3.9m that 19 people had to pay last year. In 2010-11 year, the regulator fined 83 different entities and individuals.

The fines collected from financial-services companies for misconduct go to the Treasury, once the FCA's enforcement costs are deducted.

George Osborne, the UK chancellor, said last week that the fines from the forex investigation would be used as a windfall payment for the National Health Service. Libor fines, meanwhile, which have topped more than £500m in the UK, would be used to pay for military services and related charities.

Boxing clever
Milan uses telematics to tackle traffic problems

Park and ride: residents are being urged to get out of cars and on to public transport to reduce traffic — Dreamstime

ANDY SHARMAN — LONDON

Italy is known for its people's love of food, football and fast cars. But the city of Milan is asking residents to forgo the latter to help ease its crippling traffic congestion.

The city has teamed up with Unipol, an insurer, the local ATM transport network and a maker of automotive "black boxes" to offer Milanese drivers public transport vouchers if they leave their cars at home.

Milan suffers from the worst congestion of any city in Europe and North America, according to data from Inrix, a traffic data provider, as well as some of the worst pollution levels in the continent.

The city, with a population of 1.3m, is using connected car devices made by Octo Telematics, a Rome-based company, installed behind the dashboards of Unipol customers' vehicles, to transmit location data and ensure that cars remain parked on the driveway.

"Previously, the connected car has been all about navigation, infotainment and insurance," said Jonathan Hewett, chief marketing officer at Octo Telematics. "What we're seeing with this project is organisations from public and private spheres can get together and make life better for Europe's citizens."

Under the Park Your Car and Go Public! project, Unipol customers receive vouchers worth €1.50 — one public transport ticket — for every weekday that their vehicles are left at home between 7.30am and 7.30pm.

Credit Suisse aims to shrink unit serving hedge funds

JAMES SHOTTER — ZURICH
DANIEL SCHÄFER — LONDON

Credit Suisse plans to squeeze its unit serving hedge funds amid pressure from investors to reduce the leverage of its investment banking division.

The Swiss bank is trying to find ways to bring down the capital usage of its balance sheet-intensive prime brokerage as part of a plan announced in October to cut leverage by about SFr70bn, ($71bn) two people close to the situation said.

Although Credit Suisse's prime brokerage unit has a strong market position, it is one of the lower returning parts of the investment bank due to its high use of balance sheets. The bank is also considering raising the prices it charges hedge funds for services.

The changes come as some Credit Suisse investors grow concerned over its lack of progress in cutting leverage and reallocating capital from investment banking to its private banking unit.

Brady Dougan, chief executive, said last year he wanted to balance the investment bank more evenly with the private banking unit and aims to allocate roughly half the capital to each.

Yet at the end of the third quarter, 57 per cent of Credit Suisse's SFr286bn of risk-weighted assets were in the investment bank, with the rest in the private bank and corporate centre.

One top 30 investor said: "We don't think it is the right mix — 50/50 is still a long way off and I would wish they would cut back the investment bank even more than that."

People close to the bank acknowledge the slow progress but say its ability to increase the capital-light private banking rapidly is limited, and warn that it is hard to shrink the investment bank further without damaging profitability.

The cutbacks mark the third restructuring of the investment bank in just over a year, following cuts to government bond and commodities trading. However, Mr Dougan said in October he hoped that the latest cuts could be achieved without a significant impact on revenues. Credit Suisse is also mulling a further push towards electronic channels in its "global macro" unit, which houses government bond and forex trading.

Investors irked page 19

New Republic exodus shakes US media

Staff departures from the venerable political magazine acquired by Facebook co-founder Chris Hughes symbolise worries that the culture and management style of Silicon Valley may not serve the best interests of journalism.

Analysis ▸ PAGE 20

Merck's $8bn pursuit of Cubist reflects focus on neglected antibiotics market

ANDREW WARD — LONDON

A mooted $8bn takeover of Cubist, the US biotech company, by Merck & Co has highlighted renewed interest from big pharma in the long-neglected market for antibiotics.

Massachusetts-based Cubist is at the forefront of efforts to develop a new generation of anti-infective medicines to tackle the spread of drug-resistant "superbugs".

Its shares surged as high as $93.50 in after-hours trading on Friday, up 26 per cent from their $74.36 close, after The New York Times reported Merck was closing in on a $100-a-share deal as early as this week. Merck and Cubist declined to comment.

Cubist is aiming to deliver at least four new antibiotics by 2020 and has committed $400m in research and development this year alone.

Big drugmakers scaled back investment in antibiotics in recent decades to focus on higher-margin businesses such as cancer medicines, leading to a sharp drop in the number of new antibiotics reaching market.

But there have been signs of revival in the past two years, with Roche, GlaxoSmithKline and Sanofi all pledging fresh investment or forging research partnerships to develop new bug-fighting drugs.

The World Health Organisation warned in April that antibiotic resistance "threatens the achievements of modern medicine". Without urgent action, it said, the world was "headed for a post-antibiotic era, in which common infections and minor injuries which have been treatable for decades can once again kill". Antibiotic-resistant infections kill about 50,000 a year in the US and Europe and the number is rising, WHO said.

In July, David Cameron, the prime minister, appointed Jim O'Neill, former chief economist of Goldman Sachs, to head a panel of experts looking at ways to increase incentives for investment in antibiotics.

For Merck, a takeover of Cubist would mark its second large deal in six months after its $3.85bn acquisition in June of Idenix Pharmaceuticals, a hepatitis C specialist.

Companies / Sectors / People

Software

Uber faces sex assault claim in India

Taxi service under fire for allegedly not checking driver's background

AMY KAZMIN — NEW DELHI

Uber, the taxi hailing service, was on the defensive in India after a 25-year-old woman in New Delhi claimed she was sexually assaulted by a driver hired through the popular app.

Police yesterday said they had arrested a 32-year-old suspect in connection with the attack, in which the driver allegedly took the woman to a secluded place and assaulted her, threatening to kill her if she resisted or went to the police.

However, police have criticised Uber for not putting the driver through proper background checks before he was permitted to transport passengers. "The company, which did not get his background check done, will be held liable for gross negligence," Madhur Verma, a senior Delhi police officer, told The Indian Express newspaper.

Uber boasts that its service is Delhi's "best way to order a safe, reliable and affordable ride within minutes".

The alleged assault provoked anger in a city still scarred by the lethal gang rape of a young physiotherapist on board a private bus two years ago.

Uber insisted yesterday that safety remained its "highest priority". "In India, we work with licensed driver-partners to provide a safe transportation option, with layers of safeguards such as driver and vehicle information, and ETA (estimated time of arrival) sharing, to ensure there is accountability and traceability of all trips that occur on the Uber platform," the company said.

However, on the messaging service Twitter debate raged over whether Uber was doing enough to "verify" the drivers who participated in its service in India. Many customers of the service, which has become popular in many Indian cities since it launched during the past year, expressed shock.

"A big part of the reason I take private cabs is I assume they are being monitored and so I am safer," tweeted Rukmini Shrinivasan, a New Delhi-based journalist for The Hindu newspaper.

The alleged sexual assault took place on Friday evening, after the woman, who works for a finance company, said she hailed a taxi through Uber after dinner with friends.

According to local media reports, the woman said she had fallen asleep in the cab, then awoke to find herself in a secluded area, with the driver assaulting her. When she resisted and tried to make an emergency call, he overpowered her, and threatened to kill her if she went to police or reported the incident to Uber.

> Company 'will be held liable for gross negligence'
> Madhur Verma, New Delhi police

After the alleged attack, the driver dropped the woman at her home, but she took a secret photo of the car licence plate and went to the police to report the assault.

The car was later found abandoned in Mathura, about 160 kilometres away, in the lawless state of Uttar Pradesh.

Uber's reputation is likely to be dented by the incident in a market anxious about safe modes of transport for women, especially at night. It is the company's latest headache in India, after a run-in with the Reserve Bank of India over its payment system.

Software. Venture capital

Indonesia eyed as looming tech hotspot

Investors overlook the hurdles as they seek a foothold in nascent ecommerce market

BEN BLAND — JAKARTA

When tech entrepreneur William Tanuwijaya was negotiating with venture capitalists over the biggest investment in an Indonesian start-up, they kept asking him to move his ecommerce company, Tokopedia, to business friendly Singapore.

"They were worried about the lack of legal certainty in Indonesia, the complicated administrative procedures and the tax implications for an IPO or other exit strategy," he says. "But I insisted on staying in Indonesia because I want us to step up our game and develop our own Silicon Valley."

His persistence paid off when SoftBank and Sequoia Capital agreed in October to invest $100m in his online marketplace, which has been dubbed the Alibaba of Indonesia. He plans to use the funding to expand his staff from 150 to 1,000 over the next two years and build a Google-style campus.

The tale underlines both the roadblocks facing Indonesia's nascent tech sector and the willingness of investors to overlook them as they try to get a foothold in one of Asia's most promising ecommerce markets.

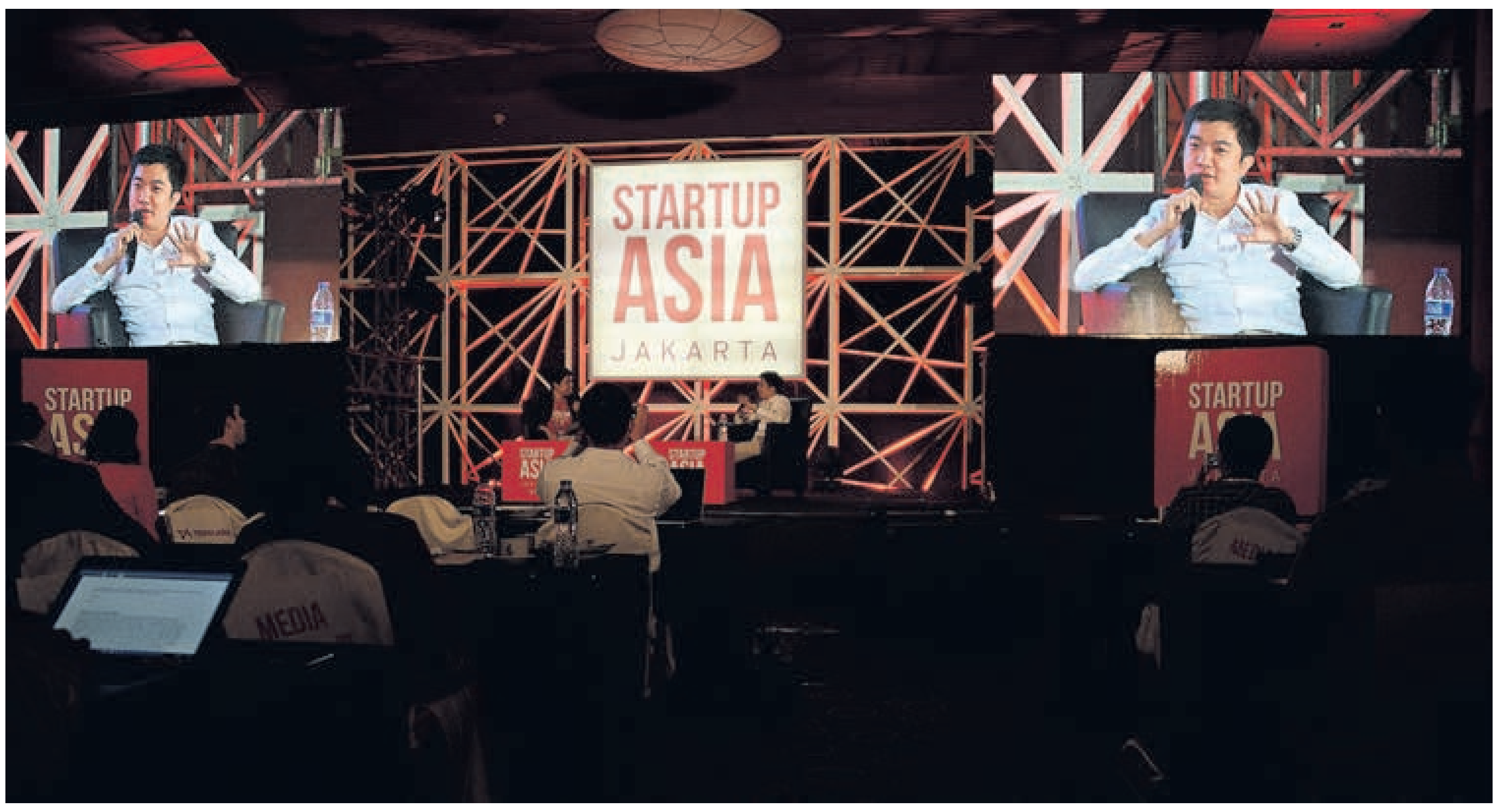
The proportion of internet users in this nation of 250m people is predicted to more than double over the next four years to 68 per cent, according to market researchers Frost & Sullivan, because of rising incomes and the availability of ever cheaper Chinese smartphones.

Bao Jianlei, Indonesia managing director for Chinese search engine Baidu, says that 80 per cent of Indonesians are using mobile phones that cost less than Rp3m ($244) but that 40 per cent will upgrade in the next year.

This shift will drive an online retail revolution, with ecommerce revenues in Indonesia surging from an estimated $1bn last year to $10bn by 2016, according to Frost & Sullivan — faster growth than in any other country in southeast Asia. Now, a growing number of venture capitalists are setting up Indonesia-focused funds, following the lead of pioneers such as Germany's Rocket Internet, which has backed online retailers such as Zalora and Lazada.

US internet companies Facebook, Twitter and Uber are all opening offices in Jakarta. And the local conglomerates that dominate southeast Asia's biggest economy are following suit with the billionaire Bakrie, Hartono and Widjaja families all setting up funds to invest in start-ups.

But Indonesia still has many quirks that force fast-moving tech companies to pause. Many Indonesian internet users only connect through basic "feature phones" and do not have email accounts, forcing Twitter and other companies to develop verification by phone number or SMS message rather than email.



William Tanuwijaya, Tokopedia chief, speaking in Jakarta last month: he wants Indonesia to 'develop its own Silicon Valley'
Adek Berry/Getty Images

Paul Leishman, the co-founder and chief operating officer of Jakarta-based Coda Payments, says many people are surprised to learn of the one piece of technology without which his mobile payments company could not survive: a typewriter. "It seems crazy but we need it to fill in certain government forms," he says.

Xiaomi, the fast-growing Chinese smartphone maker, has had to adapt its approach for the Indonesian market as well, according to Hugo Barra, the vice-president for global expansion.

Indonesian officials take longer to approve its phones for distribution than in any other market, says Mr Barra.

"Indonesia's ecommerce market is in its early days compared to India and China," he says. "There is so much potential, especially because there is a lot of fresh, progressive thinking from the new government."

But other tech executives fear that the government will continue to stand in their way, after Indonesia banned foreign companies from investing directly in online retail in May. "The government says it's helping Indonesian tech companies by limiting foreign competition but they're making it harder for them to get much-needed capital and advice," says an executive at a leading Valley company. "The risk is that this backfires and Indonesian start-ups flee to Singapore."

INSIDE BUSINESS ON MONDAY

Jonathan Guthrie

It's time for Britain's national champions to raise their game

The British do not have explicit national champions in the same way as the French and Germans. They would consider it vulgar.

Yet that has not stopped a clutch of companies including Rolls-Royce and GlaxoSmithKline from achieving national champion status. But the engine maker and the pharmaceuticals group are in trouble. Their pre-eminence means they are receiving gimlet-eyed scrutiny. GSK's failure to sell a multibillion-pound portfolio of legacy drugs for a high price this week will be interpreted as a symptom of a deeper malaise.

National champions are sector leaders which embody excellence and win exports. They are rewarded with prestige, protection and such subsidies as are permitted under international trade agreements.

The state rescued Rolls-Royce from bankruptcy in 1971 and has contributed to research and development costs ever since. GSK was among the beneficiaries when the government created fat tax breaks for R&D last decade.

But Rolls-Royce stock has tumbled 28 per cent since January and the drug company's shares are down 13 per cent since peaking in February. A smaller drop for GSK may reflect louder M&A gossip — the state holds a "golden share" in Rolls-Royce to block foreign takeovers.

What went wrong for these local heroes? Scandal and weak profits are common enemies. The stress has been on the first factor for GSK and the second for Rolls-Royce.

GSK was fined £300m by a Chinese court in September for bribing doctors to prescribe its drugs. A foreign multinational was a soft target for an anti-corruption drive. But there are no adequate excuses for distorting clinical priorities and perhaps damaging patients' health.

The imbroglio clashed with GSK's image as a science company with historic roots in cosy Victorian cures for the common cold. There is a similar contrast between the lofty heritage of Rolls-Royce, whose engines helped the Royal Air Force defeat the Luftwaffe, and an investigation by the Serious Fraud Office into alleged bribery in Asia.

It would be a mistake to assume a latter-day Sherlock Holmes will be working on the case. In the UK, fraud investigations often appear to consist of no more than a file with the suspect company's name written on it. Rolls-Royce's bigger immediate problem is that it has warned on profits four times in 18 months. This year, it has reined in estimates for its defence and marine units and cautioned that 2015 earnings could undershoot 2014.

> What went wrong for these local heroes? Scandal and weak profits are common foes

One element in the mix also affects GSK, which pulled back guidance for 2015 in July in response to poor sales of respiratory drugs: government spending. Western nations are shelling out less on warplanes while seeking to curb healthcare budgets stretched by ageing populations.

British brokers and analysts suggest two typical knee jerk remedies when big companies have big problems. The first is to kick out the chief executives. Managerial Catch-22 applies. If they had an inkling of mounting problems, they should have forestalled them. If not, they were out of touch.

Sir Andrew Witty, chief executive of GSK, has won support by broadening revenues outside blockbuster drug development, in part through a well-received $20bn asset swap with Novartis. But the incoming chairman — the *eminence Gris* who hires and fires chief executives in the UK — is Sir Philip Hampton, who is pragmatically merciless.

John Rishton at Rolls-Royce has fewer supporters outside the business. Engineers grumble that an engineer should run Rolls-Royce, even though Sir John Rose, Mr Rishton's well-regarded predecessor, was an ex-banker.

Both boards will contemplate a change because a narrative of revival is most convincingly articulated by someone who does not own the original problem.

The second knee-jerk demand is for a break-up. It is unlikely investors would benefit as much as fee-hungry corporate financiers. Both companies use cash flows from stable divisions such as marine engines and healthcare to bolster capital-intensive businesses such as civil jet engines and pharmaceuticals, where returns are potentially higher.

US bankers who dream of a bid from Pfizer for GSK fall into the trap of imagining that because the British are polite, they are unaggressive. The hostility triggered among politicians and media by the US group's £69bn tilt at AstraZeneca earlier this year would be nothing to the fury inspired by an offer for the country's largest drugs company.

Both groups will have to revive their flagging performance on their own. England expects them to do their duty.

jonathan.guthrie@ft.com

Media

Rakuten puts Viber at heart of global ambition

TIM BRADSHAW — SAN FRANCISCO

Rakuten is looking to its messaging app Viber to tie together customers from across its global network of sites and services, according to the Japanese ecommerce group's founder, as he defended his company's record of acquisitions.

Hiroshi Mikitani told the Financial Times that with almost 250m active users, Viber has the potential to form the backbone to Rakuten's extensive network of online malls, coupons, ebooks, digital video and even banking services in Japan and around the world.

"Whether we can successfully pull all these things together depends on whether we can really integrate our membership with Viber and whether we can use our points programme effectively," he said. "The acquisition of Viber enables us to go to a very different level in terms of the number of the membership."

Viber is one of several purchases made by Rakuten as part of a longstanding plan to generate more revenues from outside its home market, where sales are still growing at double-digit rates despite the sluggish economy.

Hitting back at critics of his dealmaking, which include the $1bn purchase of Ebates, the US coupon and cashback site, Mr Mikitani said: "If it's very straightforward and everyone understands your strategy then probably you're not making the right decisions."

Rakuten acquired Viber for $900m in February, just days before Facebook paid what would eventually total $22bn for WhatsApp Messenger.

The app, which allows voice, text and video calls as well as the ability to follow celebrities and share digital "stickers" with friends, expands Rakuten's existing membership network of more than 150m across its ecommerce sites.

But with more than 600m monthly active users, WhatsApp's footprint is more than double that of Viber.

COMPANIES

Credit Suisse piecemeal strategy irks investors

Increased frustration over Swiss bank missing key performance targets amid market concerns about leverage ratio

DANIEL SCHÄFER — LONDON
JAMES SHOTTER — ZURICH

In early 2013, Credit Suisse's top management was convinced that it had adapted to the much stricter rules that have been ushered in since the financial crisis.

"We are the only bank operating under Basel III rules for both capital and liquidity," Gael de Boissard, co-head of Credit Suisse's investment bank, said at the time. "We are putting the finishing touches to this implementation process while other firms have only just started to change their business model and clean out legacy assets."

Yet almost two years and three investment bank restructurings later, some investors are becoming impatient about what they see as the Swiss lender's piecemeal strategy and a history of over-optimistic forecasts.

"I have some sympathy with them saying 'we don't need to rush'," one top 30 investor says. "What I don't have sympathy for is that they keep missing targets and finding excuses for it."

Rather than putting the finishing touches to the investment bank, Brady Dougan, Credit Suisse's chief executive, has had to make three more attempts to scale back various parts of the division.

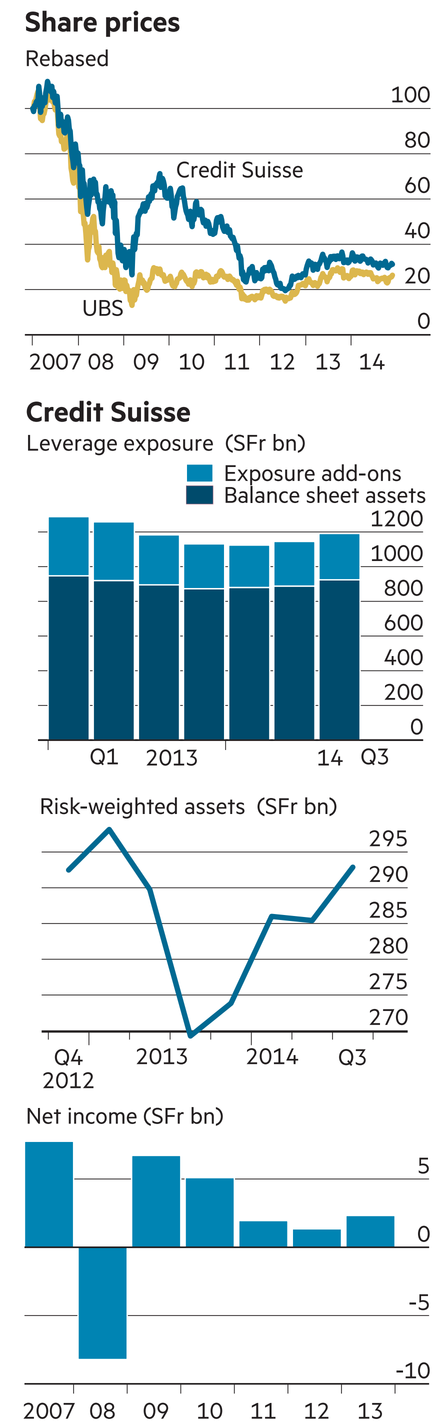
Last autumn, the Swiss group announced deep cuts to its rates trading business; this summer it said would exit commodities trading. And in October, it said it would reduce its assets in the investment bank by another SFr70bn ($72bn).

Yet despite these moves, Credit Suisse has rarely come close to meeting most of its "key performance targets". Its return on equity attributable to shareholders languished at 3.7 per cent in the first nine months of 2014, far below its target of more than 15 per cent over a three- to five-year period across market cycles.

Other objectives, such as a cost-to-income ratio of below 70 per cent and a better total shareholder return than its peer group, have also mostly been missed.

Room for improvement


Photo: Adrian Moser/Bloomberg



FT graphic. Sources: Thomson Reuters Datastream; company

"It is the RoE number that frustrates," one top 40 investor says. "I don't think anyone has got 15 per cent in their numbers. From the outside, the target really looks too high."

The bank's returns this year have been depressed by factors such as the $2.6bn fine it received for helping American clients evade taxes. But people close to the non-executive board acknowledge that management has its work cut out. They also say that the 15 per cent target was designed to be stretched and may need to be reviewed once there is greater clarity about the regulatory landscape which, six years after the onset of the financial crisis, has not yet settled.

Investors, analysts and even rival bankers stress that Mr Dougan — who, having taken the helm in 2007, is one of the longest-serving chief executives in global banking — has steered Credit Suisse accident-free through the financial crisis. Through that long-term lens, the bank's share price still outperforms rival UBS, which had to be bailed out during the crisis.

It is in the period since late 2011 — when UBS made its first step towards what would a year later turn into a radical downsizing of the investment bank — that Credit Suisse has underperformed.

Since November 2011, Credit Suisse's shares have risen by 14.55 per cent, while UBS's have risen by 65.10 per cent. That has left Credit Suisse's shares trading at 0.97 times their book value, while UBS's trade at a multiple of 1.38.

"Credit Suisse management's stewardship through the crisis has been one of the better ones but they probably misjudged what happened on the regulatory front," Philippe Bodereau, global head of financial research at Pimco says.

The welter of regulation since the financial crisis has made some once-lucrative areas of investment banking, particularly on the trading side, uneconomic. But whereas UBS responded to these pressures by exiting large parts of its capital-intensive fixed income business, Credit Suisse has persisted with a far bigger investment bank.

This is in part because its investment bank has traditionally been much stronger than UBS's, while its private bank is far smaller. "In my opinion, it certainly does not make any sense for Credit Suisse to go down the same strategic route as UBS," says Andreas Venditti, an analyst at Vontobel.

Analysts also say there is some justification to Credit Suisse's reluctance to make far-reaching decisions before global regulations are more settled.

"Credit Suisse is still a work in progress, but that is partly because the regulatory framework is a work in progress," says Kinner Lakhani, an analyst at Citi, pointing out that the outcome of a review of the risk-weightings in banks' trading books and a long-awaited review of Switzerland's leverage rules remains uncertain.

> 'It is the RoE number that frustrates. I don't think anyone has got 15 per cent in their numbers'

Nonetheless, Credit Suisse's lack of progress in cutting leverage worries some investors. Over the past 12 months, the bank's leverage exposure under Swiss rules has drifted up from SFr1.12tn to SFr1.19tn. The lender aims to be at SFr1.05tn by the end of 2015.

"The market is very concerned about the leverage ratio, and it will not be forgiving at all if they miss out on their target. Management life is going to be very difficult if they don't hit it by the end of next year," says a top 30 investor.

If Credit Suisse can improve its leverage ratio, and markets turn — the bank is seen by analysts as one of those best-placed to profit from rising rates and a stronger US recovery — investor sentiment towards it is likely to improve.

If it fails, however, investors could become more restless.

Banks

Australia's banks urged to boost capital

JAMIE SMYTH — SYDNEY

Australia's banks need to hold billions of dollars in extra capital to ensure they are "unquestionably strong" and can survive future crises, the government's most comprehensive review of the financial system since 1997 has found.

The inquiry also recommends boosting competition in the financial sector by forcing Australia's four "pillar banks" to set aside extra capital on mortgage lending — a move that would make it easier for smaller banks and new entrants to compete.

"Although Australian authorised deposit-taking institutions are generally well capitalised, further strengthening would assist in ensuring capital levels are, and are seen to be, unquestionably strong," said the review, which was published yesterday by Joe Hockey, Australia's treasurer.

The Financial System Inquiry identified several vulnerabilities in the banking sector, including its reliance foreign funding, having four big banks with similar business models based on mortgage lending, and capital levels. Mr Hockey said there was no pending financial crisis threatening Australia, but there was a need to prepare for challenges ahead, particularly in light of international changes to bank capital adequacy rules.

"We have got to weigh up the implications for financial services providers," he said, adding that Australia's prudential regulator would ultimately make a decision on capital levels.

Australia's banks emerged unscathed from the global financial crisis thanks to an economy buoyed by resource exports to Asia. But the review warned that the same conditions were unlikely to be in place during a future crisis.

The report dismisses claims by the banks that they are among the safest in the world, concluding that they are not in the top quartile of internationally active lenders in terms of capital held.

It estimated that Australia's big banks had a common equity tier one capital ratio of between 10 and 11.6 per cent, which is below the 12.2 per cent held by the top quartile internationally.

The review did not set a figure for the level of capital that banks should hold, but recommended that they maintain adequacy ratios in the top 25 per cent of global institutions.

If implemented, the review's findings could force the big four — Commonwealth Bank, National Australia Bank, Westpac and ANZ — to raise tens of billions of dollars in extra capital.

In a September note, UBS forecast that the review could result in a A$15bn-A$68bn capital shortfall, while credit rating agency Fitch said last month that could be A$53bn.

Banks have warned that making them hold extra capital would force increases in loan interest rates for consumers and may damage an already slowing Australian economy.

David Murray, chairman of the inquiry, said he did not believe that implementing the recommendations would lead to higher interest rates as a result of increased banking competition. Banks had made "exaggerated" claims in the run-up to the report's publication, he said.

Real estate

Dalian Wanda sets $3.9bn IPO target

JENNIFER HUGHES — HONG KONG

Dalian Wanda, China's biggest commercial property group, will today seek to raise up to $3.9bn through an initial public offering in Hong Kong that would see it become the world's second-largest pure-play commercial developer behind Simon Property Group of the US.

While Wang Jianlin, the group's founder, is better-known for his interest in buying a Hollywood film studio, his $1.2bn purchase of a plot on Los Angeles' Wilshire Boulevard and his $2.6bn takeover two years ago of the AMC cinema chain, Dalian Wanda Commercial Properties remains the bedrock of his rise to become China's fourth-richest man.

If the IPO raises the full $3.9bn that the group is targeting, it will have a market capitalisation just shy of $25bn, trailing Simon Property's $56bn but ahead of the $15bn of Australia's Westfield. In China, the group is best known for its Wanda Plaza developments, present in all major cities and which include a mix of retail, office, hotel, residential and entertainment uses.

The geographical spread of Wanda's business is unusual among Chinese developers, which have often found it hard to extend their brands into new provinces when faced with the labyrinthine regulatory restrictions between regional governments.


The group founded by Wang Jianlin will list in Hong Kong today

At the bottom of Wanda's pricing range — whereby it would raise $3.2bn — it would still be Hong Kong's biggest IPO this year, topping the $3.16bn raised last week by CGN, China's top nuclear power producer.

The deals are part of a late flurry that could see the city vault from fourth to second in terms of capital-raising for 2014 behind New York — in spite of the fact that Chinese groups listing in Hong Kong have underperformed those that have chosen New York or Shanghai.

Dalian Wanda's price range is below last week's expectations that it could raise up to $4.5bn from the deal. While even that represented a drop from earlier talk of up to $6bn, bankers close to the deal have suggested that a $3bn-$4bn range was most likely.

HSBC and CICC, the Chinese investment bank, are sponsors of the listing. UBS, Goldman Sachs and CICC are leading the bookrunning process.

Media

Old guard walk out over digital shake-up at the New Republic

Less than a month since its 100th birthday the magazine is in turmoil

SHANNON BOND — NEW YORK

A glittering roster of Washington's elite turned out in force in November to toast the 100th anniversary of The New Republic, the venerable political magazine acquired in 2012 by Facebook co-founder Chris Hughes. Bill Clinton, the former president, Supreme Court justice Ruth Bader Ginsburg, and House minority leader Nancy Pelosi were all in attendance.

Less than a month later, the magazine is in turmoil following an exodus by most of its senior writers and editors in the space of 24 hours.

The very public implosion is emblematic of worries across a media industry that thinks the culture and management style of Silicon Valley are not serving the best interests of journalism.

The walkout at The New Republic came on the back of conflict at First Look Media, the start-up news organisation backed by Pierre Omidyar. The eBay founder committed to spending $250m to create a "new mass media organisation", but in October Matt Taibbi, its best-known editorial hire, left, and one of its digital properties was shuttered before it could launch.

New Republic staffers departed in protest after Mr Hughes and Guy Vidra, the recently appointed chief executive, replaced editor Franklin Foer, and announced plans to publish less frequently and relocate its head office to New York. Mr Vidra, a former Yahoo executive, spoke of turning the company into "a vertically integrated digital media company" under the leadership of Gabriel Snyder, formerly of Bloomberg Media and the Atlantic Wire. The shake-up reverberated across the community of political reporters in Washington and New York, for whom the magazine has an outsized reputation.

"In the pre-internet age, The New Republic was a font of viral ideas in the east coast political culture," said Ken Doctor, media analyst at Outsell. "Between Boston and DC, it was one of those influential journals, as much in the European style as the American style, that could be small but had veteran voices that people knew. They helped shape the debate and the political agenda."

When Mr Hughes bought a majority stake and became publisher in 2012, the move was greeted with optimism. Many hoped that the 28-year-old, who had made a name for himself at Facebook and as a member of the digital team behind Barack Obama's 2008 presidential campaign, would use that magic to guide the publication into the online age. But last week it quickly became apparent that many of the magazine's journalists had lost confidence in Mr Hughes and Mr Vidra.

At First Look, Mr Omidyar's micro-managing and a "fundamental culture clash" were blamed for the conflicts that led Mr Taibbi to return to Rolling Stone magazine, according to reporters at The Intercept, the start-up's national security-focused site. They described "a collision between the First Look executives, who by and large come from a highly structured Silicon Valley corporate environment, and the fiercely independent journalists who view corporate cultures and management-speak with disdain".

> The influential journal was 'in the pre-internet age . . . a font of viral ideas in the east coast political culture'

The anxiety over The New Republic and First Look is a counterpoint to the optimism surrounding properties such as BuzzFeed and Vice Media, which have achieved eye-popping valuations backed by investments from Silicon Valley venture capital funds including Andreessen Horowitz and Technology Crossover Ventures. Last week Vox Media, home of the Vox.com news site helmed by Ezra Klein, closed its latest funding round at a valuation of $380m.

Mr Hughes and Mr Omidyar also stand in contrast to Jeff Bezos, the billionaire chief executive of Amazon, whose stewardship of the Washington Post has been widely praised since he bought the paper last year for $250m.

"From the outside, he seems very respectful of what classically trained journalists do. He has given them more money to do it and engaged in technological tools that have been successful," said Peter Goodman, editor-in-chief of International Business Times. "But does that mean anybody who is successful at tech can come in and run a viable journalism organisation? Hardly."

Jeff Bezos has been widely praised as owner of the Washington Post

Bill Clinton, former US president, addresses the New Republic Centennial Gala last month — Teresa Kroeger/Getty

News channels

Concerns over the power of Silicon Valley

The media uproar over problems at The New Republic and First Look Media come at a time when many journalists are chafing at Silicon Valley's approach to news.

Facebook's power to influence what stories people read has elicited comparisons to Amazon's position in book publishing.

Some 30 per cent of US adults get their news on Facebook, a recent Pew study has found, and the platform has become a primary driver of traffic to news websites.

"No other single branded platform in the history of journalism has had the concentration of power and attention that Facebook enjoys," said Emily Bell, director of Columbia university's Tow Center for Digital Journalism, in a recent lecture.

In Europe the bogeyman is Google. Publishers including Axel Springer, the continent's biggest newspaper publisher by circulation, and News Corp, argue that the search giant's indexing of their content threatens their business.

Oil & gas

BP steps up job cut plans as oil price keeps falling

HENRY SANDERSON — LONDON

BP is accelerating plans to reduce its headcount, in a sign of how global oil companies are looking to control costs in the face of a lower oil price.

The company is looking at its non-operations staff, including back-office employees, that have been kept on as the company has shed production assets in its portfolio.

"Oil is concentrating minds on making the organisation more efficient and the right size for the smaller portfolio we have now," said the company.

Preparations to trim staff numbers show the effect that an almost 40 per cent fall in the oil price since the summer is having on industry leaders.

Oil last week closed at its lowest level in five years after members of Opec decided to maintain its 30m-barrel-a-day production ceiling, because of worries of oversupply. Analysts expect cuts in exploration spending and possible project deferrals. BP has been divesting parts of its portfolio and is now a third smaller than it was four years ago, the company said. It plans $10bn of asset disposals by 2016 as part of its restructuring plan.

The group also faces risks from its 19.75 per cent stake in Russian oil company Rosneft, which has been hit by the collapse in the rouble over the past month. ICE January Brent closed at $69.07 Friday, below $70 for the first time since 2010.

Analysts at UBS have forecast that oil will trade at about $70 a barrel for 2015 and estimate that this would reduce earnings by about 33 per cent for Europe's integrated oil and gas companies. Capital expenditure is also likely to take a 10 per cent hit, they added.

Still, BP said that a lower oil price helped to reduce inflation, which will make goods in the company's supply chain cheaper. Brian Gilvary, BP's chief financial officer, told the Sunday Times that: "We have got flexibility in our programme to trim into next year if that's what we need in a new world of oil at $70 or $60, or whatever the number is."

BP has an investor day on Wednesday to give an update on its upstream portfolio. Shares in BP have fallen 13 per cent this year, and closed at 424.5 pence on Friday.

Analysts say that energy companies' earnings could be cut by 33 per cent

COMPANIES

Decade-old tensions flare up in the war for the Wharf

Stand-off threatens board stability as sweetened bid leaves Songbird unmoved

KATE ALLEN
— LONDON

When the Qatar Investment Authority first called Songbird Estates last month to say it wanted Canary Wharf, it was given short shrift. Not even last week's sweetened bid has changed Songbird's tune — yet.

The war for Britain's second-largest financial district, 70 per cent owned by Songbird, began with a phone call.

The telephoned request for a meeting in early November was not unusual. The QIA, one of the world's most powerful sovereign wealth funds, is Songbird's biggest shareholder with 28 per cent and has two representatives on the board.

But once the group's directors had assembled, the QIA informed them that it was pairing up with Canary Wharf's other big shareholder Brookfield, Canadian property investors.

With Brookfield's 22 per cent, the QIA hoped to gain full control of Canary Wharf by offering 295p per share, valuing the company at £2.2bn. Analysts panned the offer, arguing that Songbird was worth as much as 400p per share.

The Qataris' fellow Songbird shareholders have been unwilling to relinquish their hold on Canary Wharf without a fight — Luke MacGregor/Reuters

Three weeks after the initial £2.2bn bid, the board published an independent valuation of the company's assets at £2.8bn, or 381p per share — a 19 per cent increase on its valuation just five months earlier.

The tensions between the two sides were apparent from the start. The bid was leaked to the media, forcing the board to announce to the markets it had been approached. The QIA and Brookfield felt that the media leak had rushed them into going public before they had a chance to refine pricing. Both sides deny leaking.

That only added to strains lingering from the battle for Canary Wharf a decade earlier.

In 2004 New York magnate Simon Glick and Morgan Stanley formed Songbird to acquire Canary Wharf, at the time a listed company. Brookfield meanwhile had teamed up with Canary Wharf's developer Paul Reichmann and also built a stake in Canary Wharf. When Songbird won control, Brookfield held on to its stake in the east London financial centre, waiting for the opportunity to wrest control.

During the financial crisis in 2009, the QIA and the China Investment Corp arrived on the shareholder register to inject fresh equity and help relieve the company of its heavy debt burden. The Qataris' interest in the district is evident. It recently bid £1.1bn for the HSBC Tower — one of the few skyscrapers in the area not owned by Canary Wharf Group.

But the Qataris' fellow Songbird shareholders have hitherto been unwilling to relinquish their hold on Canary Wharf without a fight. Although Songbird's shares are illiquid and it has not paid a dividend for five years, it is hard to find alternative investments of a similar calibre.

> 'Why would you want to stay in bed with someone who has said they want to leave you?'

The QIA has upped the ante, questioning the role of some of Songbird's advisers. The QIA hired Citigroup and Barclays, while Brookfield brought HSBC on board.

Morgan Stanley, a leading Songbird shareholder, was named as an independent adviser to the board, and Songbird bolstered its advisory team with JPMorgan, which is not a shareholder.

Songbird has also appointed Alex Midgen, a Rothschild banker and a Songbird director since 2004 and representative for Mr Glick, as an independent adviser on the bid. Some directors argued that Mr Midgen has plenty of experience in bitter takeover battles, and has a deep knowledge of the company.

But a week or so ago the Authority complained to chairman David Pritchard that there were substantial conflicts of interest.

Then last week, the QIA and Brookfield week pitched a 350p per share final bid valuing the company at £2.6bn — 18 per cent more than their original offer. The Qataris also cemented their relationship with the Canadians by taking a 9 per cent stake in Brookfield.

Songbird's board on Friday last week complained that the increased offer still did not reflect the company's true value. But unlike the first offer, they did not recommend that shareholders reject it, which some observers see as a softening of the board's stance.

The board says it will produce a recommendation to shareholders once it has received the full offer document, sometime in the coming weeks.

Hedge fund Third Avenue Management, which holds 3.5 per cent of Songbird's shares — 16 per cent of its free float — has already agreed to sell out.

But the QIA and Brookfield need either Mr Glick, Morgan Stanley or CIC to accept their offer in order to gain control. There is no sign of that so far.

If none do, the stand-off threatens to destabilise the board and lead to future flare-ups. As one close observer says: "Why would you want to stay in bed with someone who has said they want to leave you?"

350p	28%
Final bid last week by the QIA, valuing the group at £2.6bn	Qatar Investment Authority's holding in Songbird

General retailers

Black Friday kicks off wave of discounting for UK stores

ANDREA FELSTED — LONDON

Discounting has been stepped up on the high street, in the wake of the busiest Black Friday in the UK's retailing history and in the lead-up to Christmas, as the US's traditional post-Thanksgiving shopping spree gains in popularity elsewhere.

According to Deloitte, both the number and depth of discounts in British stores are greater than last year. The professional services firm said it was the fourth year in a row that the level of markdowns had increased on the year-earlier period.

Discounts on the high street ranged from 8 to 78 per cent, with a greater proliferation of deals and steeper markdowns likely in the approach to Christmas.

"I am expecting discounts to stabilise a little bit in the next couple of weeks," said Jason Gordon, consumer business partner at Deloitte. "But then as we start to get into mid-December, [there is likely to be] a spike again, with some potentially quite heavy discounting in the last few days."

The findings echo those of PwC, which said two-thirds of high street shops were holding sales or offering promotions last week. This was up 4 per cent on the week earlier, but on a par with last year. The professional services firm found, in a survey of 100 stores, that the average discount was 38 per cent, similar to last year.

Mr Gordon said the increase in markdowns year on year had been driven by more British retailers adopting Black Friday, traditionally the day Americans hit the shops after Thanksgiving.

"I think that many retailers have decided to try to make that a real thing, and have pushed quite hard on discounting . . . as a way to kick-start the Christmas trading season," he said.

However, some analysts have questioned whether the practice is only pulling sales forward from Christmas.

Retailers enjoyed a sales boost on the last Friday in November, but the day was also marked by chaos at a number of stores across the country. Some retailers were overwhelmed by demand, with scuffles breaking at out at some stores as shoppers grappled with each other to secure the best deal.

The last Friday in November was marked by chaos across the UK with scuffles breaking out in some stores

Meanwhile, the unseasonably warm autumn has left many retailers with stocks of coats and knitwear. "Even if the weather does go cold from now, it will be very difficult to adequately recover in the time we have left before the full sale event," said Mr Gordon.

However, he questioned whether some discounts being advertised were genuine reductions, because increasingly stores were buying in products especially to sell at a discount.

Asda said it had worked with its parent company Walmart to procure stock for the sales day.

"We are seeing an increasing amount of stock bought to be sold on sale, and so in my mind that is not really a true discount, because it was never anticipated to be sold at full price," said Mr Gordon.

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

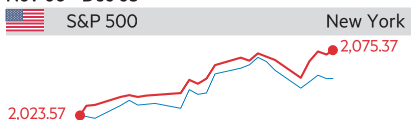
S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.17%	0.24%	0.33%	0.95%	1.77%	0.19%	0.71%	0.06%	-1.125%	-0.701%	1.412%	-0.379%	-1.63%	-1.24%

Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

AMERICAS

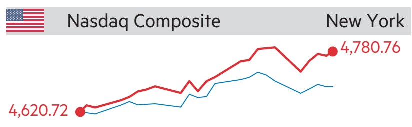
Nov 06 - Dec 05 — Index — All World

S&P 500 New York



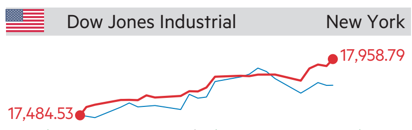
Day 0.17% Month 3.14% Year 15.76%

Nasdaq Composite New York



Day 0.24% Month 3.40% Year 18.39%

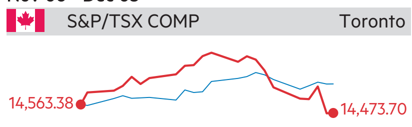
Dow Jones Industrial New York



Day 0.33% Month 3.31% Year 13.02%

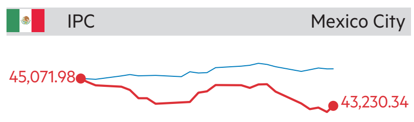
Nov 06 - Dec 05 — Index — All World

S&P/TSX COMP Toronto



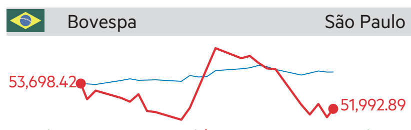
Day 0.03% Month -0.51% Year 9.65%

IPC Mexico City



Day 0.97% Month -4.09% Year 3.15%

Bovespa São Paulo

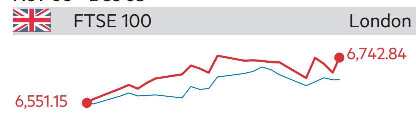


Day 1.10% Month -3.18% Year 2.37%

EUROPE

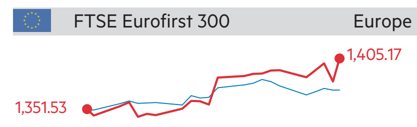
Nov 06 - Dec 05 — Index — All World

FTSE 100 London



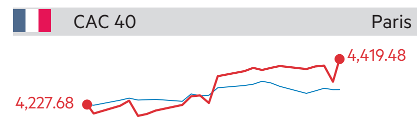
Day 0.95% Month 3.12% Year 3.77%

FTSE Eurofirst 300 Europe



Day 1.77% Month 4.14% Year 11.38%

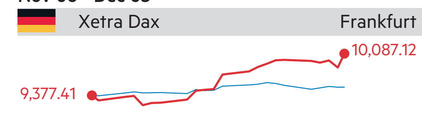
CAC 40 Paris



Day 2.21% Month 7.00% Year 6.53%

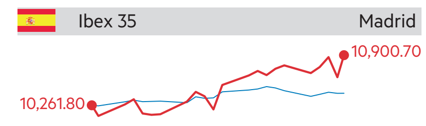
Nov 06 - Dec 05 — Index — All World

Xetra Dax Frankfurt



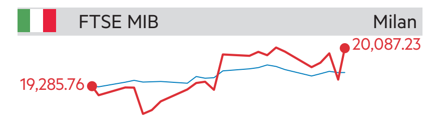
Day 2.39% Month 8.28% Year 11.03%

Ibex 35 Madrid



Day 2.64% Month 7.35% Year 14.26%

FTSE MIB Milan

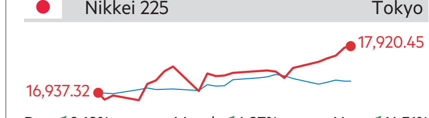


Day 3.41% Month 3.39% Year 11.64%

ASIA

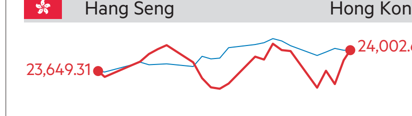
Nov 06 - Dec 05 — Index — All World

Nikkei 225 Tokyo



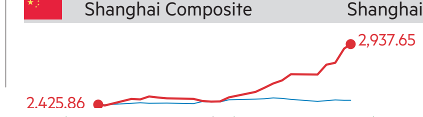
Day 0.19% Month 6.27% Year 16.31%

Hang Seng Hong Kong



Day 0.71% Month 0.66% Year 1.15%

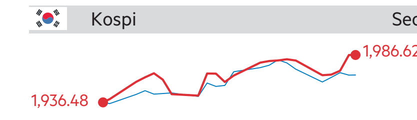
Shanghai Composite Shanghai



Day 1.32% Month 20.86% Year 30.46%

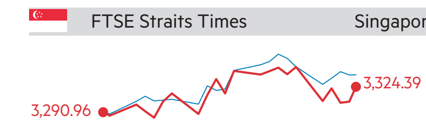
Nov 06 - Dec 05 — Index — All World

Kospi Seoul



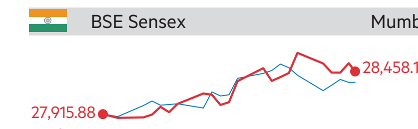
Day 0.00% Month 2.66% Year -0.01%

FTSE Straits Times Singapore



Day 0.59% Month 1.56% Year 4.28%

BSE Sensex Mumbai



Day -0.37% Month 2.15% Year 37.42%

Country	Index	Dec 05	Dec 04
Argentina	Merval	9580.55	9558.78
Australia	All Ordinaries	5313.60	5345.40
	S&P/ASX 200	5335.30	5368.80
	S&P/ASX 200 Res	3373.60	3438.10
Austria	ATX	2286.30	2263.94
Belgium	BEL 20	3335.69	3268.36
	BEL Mid	4863.79	4811.42
Brazil	Bovespa	51992.89	51426.87
Canada	S&P/TSX 60	846.16	847.09
	S&P/TSX Comp	14473.70	14469.95
	S&P/TSX Met & Min	683.73	675.36
Chile	IGPA Gen	19357.98	19238.75
China	FTSE A200	8207.92	8127.95
	FTSE B35	9743.68	9847.88
	Shanghai A	3077.51	3037.19
	Shanghai B	279.47	283.30
	Shanghai Comp	2937.65	2899.46
	Shenzhen A	1520.17	1548.83
	Shenzhen B	1004.70	1013.34
Colombia	COLCAP	1495.97	1515.62
Croatia	CROBEX	1776.13	1773.12

Country	Index	Dec 05	Dec 04
Cyprus	CSE M&P Gen	83.57	83.65
Czech Republic	PX	1006.25	1001.39
Denmark	OMXC Copenahgen 20	773.54	762.68
Egypt	EGX 30	9458.57	9304.98
Estonia	OMX Tallinn	781.30	782.06
Finland	OMX Helsinki General	8003.64	7890.85
France	CAC 40	4419.48	4323.89
	SBF 120	3461.80	3393.17
Germany	M-DAX	17183.95	16968.99
	TecDAX	1379.47	1356.81
	XETRA Dax	10087.12	9851.35
Greece	Athens Gen	1032.98	991.87
	FTSE/ASE 20	335.01	321.65
Hong Kong	Hang Seng	24002.64	23832.56
	HS China Enterprise	11600.48	11481.03
	HSCC Red Chip	4472.11	4484.13
Hungary	Bux	17751.87	17399.47
India	BSE Sensex	28458.10	28562.82
	S&P CNX 500	6937.55	6960.75
Indonesia	Jakarta Comp	5187.99	5177.16
Ireland	ISEQ Overall	5325.15	5220.86
Israel	Tel Aviv 100	13.19	13.15

Country	Index	Dec 05	Dec 04
Italy	FTSE Italia All-Share	21199.43	20552.39
	FTSE Italia Mid Cap	25793.12	25416.36
	FTSE MIB	20087.23	19424.38
Japan	2nd Section	4379.47	4366.44
	Nikkei 225	17920.45	17887.21
	S&P Topix 150	1218.41	1213.39
	Topix	1445.67	1440.60
Jordan	Amman SE	2145.85	2144.76
Kenya	NSE 20	5184.92	5169.88
Kuwait	KSX Market Index	6776.09	6775.44
Latvia	OMX Riga	419.85	420.09
Lithuania	OMX Vilnius	456.69	458.36
Luxembourg	LuxX	1551.76	1555.84
Malaysia	FTSE Bursa KLCI	1749.37	1745.69
Mexico	IPC	43230.34	42816.15
Morocco	MASI	9910.47	9955.07
Netherlands	AEX	431.06	423.68
	AEX All Share	656.18	646.59
New Zealand	NZX 50	5521.91	5522.68
Nigeria	SE All Share	34705.48	34583.29
Norway	Oslo All Share	610.96	612.90
Pakistan	KSE 100	32148.78	32090.93

Country	Index	Dec 05	Dec 04
Philippines	Manila Comp	7230.56	7299.85
Poland	Wig	53652.58	53346.86
Portugal	PSI 20	5261.33	5165.07
	PSI General	2326.16	2282.29
Romania	BET Index	7023.61	7000.87
Russia	Micex Index	1529.20	1582.08
	RTX	908.75	918.65
Saudi-Arabia	TADAWUL All Share Index	8957.63	8801.68
Singapore	FTSE Straits Times	3324.39	3304.82
Slovakia	SAX	220.11	220.65
Slovenia	SBI TOP	794.19	805.34
South Africa	FTSE/JSE All Share	49506.59	49392.59
	FTSE/JSE Res 20	42951.88	43380.15
	FTSE/JSE Top 40	43876.25	43767.55
South Korea	Kospi	1986.62	1986.61
	Kospi 200	254.24	254.06
Spain	IBEX 35	10900.70	10619.90
Sri Lanka	CSE All Share	7238.92	7254.80
Sweden	OMX Stockholm 30	1474.70	1447.82
	OMX Stockholm AS	474.32	466.54
Switzerland	SMI Index	9212.85	9118.17
Taiwan	Weighted Pr	9206.57	9225.11

Country	Index	Dec 05	Dec 04
Thailand	Bangkok SET	1597.76	1594.58
Turkey	BIST 100	86234.10	85555.12
UAE	Abu Dhabi General Index	4702.14	4666.01
UK	FT 30	2809.40	2775.40
	FTSE 100	6742.84	6679.37
	FTSE 4Good UK	5964.29	5898.86
	FTSE All Share	3607.25	3573.47
	FTSE techMARK 100	3473.39	3440.13
USA	DJ Composite	6467.36	6457.75
	DJ Industrial	17958.79	17900.10
	DJ Transport	9152.00	9119.22
	DJ Utilities	596.72	602.04
	Nasdaq 100	4311.57	4311.93
	Nasdaq Cmp	4780.76	4769.44
	NYSE Comp	10970.29	10952.30
	Russell 2000	1182.43	1173.01
	S&P 500	2075.37	2071.92
	Wilshire 5000	21775.24	21733.20
Venezuela	IBC	2972.68	2955.08
Vietnam	VNI	578.38	574.88

Country	Index	Dec 05	Dec 04
Cross-Border	DJ Global Titans ($)	244.23	244.27
	Euro Stoxx 50 (Eur)	3277.38	3191.25
	Euronext 100 ID	860.19	842.73
	FTSE 4Good Global ($)	5728.11	5717.00
	FTSE All World	279.83	279.65
	FTSE E300	1405.17	1380.77
	FTSE Eurotop 100	2842.22	2791.72
	FTSE Global 100 ($)	1357.49	1356.20
	FTSE Gold Min ($)	1153.73	1171.53
	FTSE Latibex Top (Eur)	3558.40	3554.20
	FTSE Multinationals ($)	1560.44	1562.03
	FTSE World ($)	494.47	494.15
	FTSEurofirst 100 (Eur)	4101.54	4020.97
	FTSEurofirst 80 (Eur)	4339.05	4232.83
	MSCI ACWI Fr ($)	424.39	425.03
	MSCI All World ($)	1736.63	1739.73
	MSCI Europe (Eur)	1421.65	1398.95
	MSCI Pacific ($)	2337.64	2358.95
	S&P Euro (Eur)	1416.19	1383.09
	S&P Europe 350 (Eur)	1438.26	1413.24
	S&P Global 1200 ($)	1930.94	1927.12
	Stoxx 50 (Eur)	3095.75	3043.65

(c) Closed. (u) Unavaliable. † Correction. ♥ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Apple	42.2	115.00	-0.49
Bank Of America	23.1	17.68	0.47
Gilead Sciences	18.7	104.59	2.77
Facebook Class A	17.2	76.36	1.12
Kinder Morgan	15.4	41.12	-0.34
Google Class A	13.1	528.08	-14.50
Jpmorgan Chase & Co.	12.6	62.70	1.32
Tesla Motors	12.4	223.71	-4.57
Microsoft	12.3	48.42	-0.42
Citigroup	12.3	56.08	0.90
BIGGEST MOVERS	**Close price**	**Day's change**	**Day's chng%**
Ups			
Tenet Healthcare New	51.79	3.37	6.96
Northrop Grumman	147.69	7.85	5.61
E*trade Fin	23.86	0.77	3.33
Schwab Charles (the)	29.97	0.96	3.31
Suntrust Banks	41.32	1.29	3.22
Downs			
Nabors Industries	12.21	-0.74	-5.71
Marathon Petroleum	92.15	-4.52	-4.68
Valero Energy	49.78	-1.81	-3.51
Eastman Chemical	80.51	-2.71	-3.26
Denbury Resources	7.43	-0.24	-3.13

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Vodafone	198.1	230.60	6.95
Hsbc Holdings	187.6	643.10	15.10
Bhp Billiton	143.8	1474.00	-26.00
Bp	134.4	424.50	-2.40
Rio Tinto	132.3	2898.00	-35.50
Royal Dutch Shell	123.6	2149.00	-1.00
Barclays	99.2	249.45	6.80
Glaxosmithkline	96.4	1470.50	9.50
British American Tobacco	89.2	3744.50	14.50
Lloyds Banking	88.0	80.89	1.32
BIGGEST MOVERS	**Close price**	**Day's change**	**Day's chng%**
Ups			
Supergroup	922.00	53.50	6.16
Balfour Beatty	195.60	10.90	5.90
Ao World	260.50	12.40	5.00
Howden Joinery	408.80	18.10	4.63
Booker	149.00	6.30	4.41
Downs			
Bank Of Georgia Holdings	2065.00	-161.00	-7.23
Enquest	43.86	-1.89	-4.13
Acacia Mining	236.40	-8.70	-3.55
Tullow Oil	396.00	-12.90	-3.15
Randgold Resources Ltd	4189.00	-123.00	-2.85

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Intesa Sanpaolo	653.4	2.52	0.17
Unicredit	573.5	5.91	0.27
Bbva	502.7	8.66	0.29
Santander	469.3	7.38	0.24
Total	375.6	45.18	0.68
Telefonica	363.0	13.37	0.47
Eni	340.5	15.50	0.19
Sanofi	333.5	76.14	0.64
Daimler Ag Na O.n.	320.5	67.57	0.00
Iberdrola	316.9	5.90	0.07
BIGGEST MOVERS	**Close price**	**Day's change**	**Day's chng%**
Ups			
Intesa Sanpaolo	2.52	0.17	7.05
Piraeus Bank (cr)	1.31	0.07	5.65
Vi	45.33	2.21	5.13
Vestas Wind Systems A/s	32.06	1.55	5.07
Alpha Bank (cr)	0.56	0.03	4.82
Downs			
Saipem	9.31	-0.62	-6.24
Seadrill	9.67	-0.58	-5.61
Bureau Veritas	18.55	-0.35	-1.83
Grifols	32.60	-0.58	-1.73
Statoil	14.68	-0.20	-1.38

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Toyota Motor	1004.9	7742.00	12.00
Softbank .	532.7	7785.00	-18.00
Mitsubishi Ufj Fin,.	363.2	696.90	7.90
Eisai Co.,	362.6	4984.00	288.50
Mizuho Fin,.	252.0	205.80	0.00
Sumco	227.9	1806.00	210.00
Fast Retailing Co.,	224.9	43240.00	-685.00
Fuji Heavy Industries	220.9	4531.50	4.00
Japan Tobacco .	220.7	3632.00	-28.00
Fanuc	220.4	21120.00	255.00
BIGGEST MOVERS	**Close price**	**Day's change**	**Day's chng%**
Ups			
Sumco	1806.00	210.00	13.16
Eisai Co.,	4984.00	288.50	6.14
Isuzu Motors	1595.00	70.00	4.59
Minebea Co.,	1575.00	63.00	4.17
Hino Motors,	1668.00	55.00	3.41
Downs			
Dainippon Screen Mfg.co.,	742.00	-36.00	-4.63
J.front Retailing Co.,	1483.00	-55.00	-3.58
Jgc	2587.50	-76.50	-2.87
Takashimaya ,	964.00	-23.00	-2.33
Obayashi	713.00	-15.00	-2.06

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Dec 05 price(p)	%Chg week	%Chg ytd
Winners			
Sage	447.90	10.0	10.9
Rolls-royce Holdings	900.00	6.8	-29.4
Easyjet	1761.00	6.5	14.6
Int Consolidated Airlines S.a.	486.70	6.4	21.3
Sports Direct Int	699.50	5.9	-2.2
Persimmon	1613.00	5.2	30.2
Kingfisher	328.20	5.2	-14.7
Dixons Carphone	444.10	4.9	-
Crh	1579.00	4.5	3.7
Ashtead	1101.00	4.5	44.9
Experian	1055.00	4.1	-5.3
Aberdeen Asset Management	467.70	4.0	-6.5
Losers			
Tullow Oil	396.00	-7.0	-53.7
Petrofac	778.00	-5.7	-36.4
Anglo American	1268.00	-4.0	-3.9
Sabmiller	3422.00	-4.0	10.4
Rsa Insurance	452.40	-3.4	395.0
Royal Mail	404.50	-3.2	-29.0
Rio Tinto	2898.00	-3.2	-15.0
Bhp Billiton	1474.00	-2.8	-21.1
Imperial Tobacco	2878.00	-2.8	23.1
Intercontinental Hotels	2639.00	-2.6	21.0
Severn Trent	1991.00	-2.5	16.8
Weir	1838.00	-2.0	-13.8

FTSE 250	Dec 05 price(p)	%Chg week	%Chg ytd
Winners			
Northgate	567.50	14.4	10.6
Betfair	1486.00	10.1	37.6
Entertainment One	329.40	10.0	27.1
Ssp	288.70	9.2	-
Centamin	49.61	8.6	11.4
Smith (ds)	311.70	8.2	-6.1
Fisher (james) & Sons	1129.00	7.4	-9.7
Ladbrokes	119.40	7.3	-33.3
Spire Healthcare	335.50	6.8	-
Just Retirement	147.30	6.7	-29.9
Balfour Beatty	195.60	6.7	-31.8
Provident Fin	2441.00	6.7	50.3
Losers			
Nostrum Oil & Gas	560.00	-11.8	-
Enquest	43.86	-11.5	-67.4
Afren	45.86	-11.4	-72.9
Just Eat	312.50	-10.7	-
Hochschild Mining	86.25	-8.0	-38.9
Vedanta Resources	678.50	-7.0	-27.3
Amec Foster Wheeler	874.50	-6.4	-
Evraz	140.30	-6.0	25.4
Blackrock World Mining Trust	327.40	-5.9	-29.6
Ferrexpo	64.70	-5.4	-66.1
Ophir Energy	138.10	-5.0	-57.9
Al Noor Hospitals	940.00	-5.0	4.7

FTSE SmallCap	Dec 05 price(p)	%Chg week	%Chg ytd
Winners			
Stobart Ld	116.50	13.7	-16.2
Consort Medical	792.50	13.2	-17.2
Robert Walters	308.25	10.7	-1.0
Brammer	313.00	10.2	-30.4
Anite	83.75	10.2	-15.4
Porvair	277.75	9.6	1.9
Cls Holdings	1570.00	9.0	13.9
Polypipe	260.00	8.4	-
Menzies(john)	358.75	6.8	-49.3
Exova	165.00	6.1	-
888 Holdings	142.00	5.4	-17.7
Jpmorgan Japan Smaller Co Tst	207.00	5.3	3.0
Losers			
Jkx Oil & Gas	12.75	-54.5	-82.2
Asia Resource Minerals	11.25	-35.7	-95.1
Kenmare Resources	4.50	-23.1	-78.4
Salamander Energy	63.75	-20.1	-43.0
Connect	152.75	-19.6	-
Petropavlovsk	16.00	-17.9	-78.0
Optos	220.00	-10.2	8.9
Premier Foods	33.50	-9.5	-73.2
Punch Taverns	113.25	-9.4	-52.8
Utv Media	180.00	-8.6	-16.3
Candover Investments	447.00	-7.5	14.6
Gulf Marine Services	106.00	-7.4	-

Industry Sectors	Dec 05 price(p)	%Chg week	%Chg ytd
Winners			
Construction & Materials	4147.19	4.3	-3.6
Software & Computer Services	1249.78	4.1	6.7
Chemicals	11137.02	3.3	2.7
Automobiles & Parts	8339.88	3.3	-4.5
Aerospace & Defense	4825.40	3.1	-10.6
Technology Hardware & Equip.	1144.20	3.0	-9.1
Electronic & Electrical Equip.	3896.39	2.5	-14.2
Food & Drug Retailers	2775.08	2.4	-37.0
General Industrials	3950.08	2.2	-14.6
Travel & Leisure	8102.43	2.2	10.5
Fixed Line Telecommunication	4763.68	2.0	7.8
Food Producers	8419.95	1.8	16.0
Losers			
Industrial Metals	1406.90	-6.0	-0.2
Oil Equipment & Services	17119.89	-3.8	-22.5
Mining	14612.92	-2.5	-11.0
Tobacco	42825.91	-1.9	17.5
Beverages	14857.25	-1.8	1.7
Industrial Transportation	2676.42	-1.1	-17.4
Mobile Telecommunications	5199.01	-1.1	-5.6
Pharmaceuticals & Biotech.	13314.72	-0.6	13.7
Equity Investment Instruments	7287.43	-0.2	7.6
Gas Water & Multiutilities	6190.26	-0.1	9.2
Real Estate Investment Trusts	3093.96	0.0	21.7
Nonlife Insurance	1891.87	0.0	3.3

Based on last week's performance. †Price at suspension.

CURRENCIES

Dec 05	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	8.5525	0.0075	10.5170	-0.1105	13.3356	-0.0806
Australia	Australian Dollar	1.2002	0.0096	1.4759	-0.0048	1.8714	0.0022
Bahrain	Bahrainin Dinar	0.3771	-	0.4637	-0.0053	0.5879	-0.0041
Bolivia	Bolivian Boliviano	6.9100	-	8.4972	-0.0968	10.7745	-0.0746
Brazil	Brazilian Real	2.6020	0.0162	3.1996	-0.0163	4.0571	-0.0027
Canada	Canadian Dollar	1.1427	0.0051	1.4051	-0.0097	1.7817	-0.0043
Chile	Chilean Peso	612.0200	2.2900	752.5978	-5.7257	954.2982	-3.0120
China	Chinese Yuan	6.1502	-0.0044	7.5629	-0.0916	9.5898	-0.0733
Colombia	Colombian Peso	2301.5050	15.0550	2830.1489	-13.5182	3588.6451	-1.2097
Costa Rica	Costa Rican Colon	533.8450	-0.1000	656.4664	-7.6030	832.4030	-5.9205
Czech Republic	Czech Koruna	22.4417	0.2486	27.5964	-0.0052	34.9924	0.1480
Denmark	Danish Krone	6.0496	0.0673	7.4392	-0.0010	9.4330	0.0404
Egypt	Egyptian Pound	7.1501	-	8.7924	-0.1002	11.1488	-0.0772
Hong Kong	Hong Kong Dollar	7.7515	-0.0007	9.5320	-0.1094	12.0866	-0.0847
Hungary	Hungarian Forint	249.5243	2.6642	306.8387	-0.1822	389.0732	1.4890
India	Indian Rupee	61.8650	-0.0500	76.0751	-0.9289	96.4636	-0.7464

Dec 05	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Indonesia	Indonesian Rupiah	12298.5000	-9.0000	15123.4222	-183.4812	19176.5586	-146.9262
Iran	Iranian Rial	9740.5000	-	11977.8410	-136.4696	15187.9893	-105.1495
Israel	Israeli Shekel	3.9820	0.0248	4.8966	-0.0250	6.2090	-0.0041
Japan	Japanese Yen	121.4150	1.6900	149.3034	0.4009	189.3175	1.3426
..One Month		121.4149	1.6898	149.3033	0.4008	189.3174	1.3423
..Three Month		121.4149	1.6897	149.3033	0.4008	189.3172	1.3419
..One Year		121.4142	1.6885	149.3031	0.4005	189.3174	1.3408
Kenya	Kenyan Shilling	90.3800	0.0800	111.1398	-1.1666	140.9259	-0.8502
Kuwait	Kuwaiti Dinar	0.2921	0.0008	0.3592	-0.0031	0.4555	-0.0019
Malaysia	Malaysian Ringgit	3.4710	0.0250	4.2683	-0.0175	5.4122	0.0018
Mexico	Mexican Peson	14.2899	0.1750	17.5722	0.0175	22.2817	0.1205
New Zealand	New Zealand Dollar	1.2946	0.0112	1.5919	-0.0042	2.0186	0.0036
Nigeria	Nigerian Naira	179.2500	-0.6000	220.4228	-3.2574	279.4973	-2.8773
Norway	Norwegian Krone	7.1413	0.1035	8.7816	0.0287	11.1351	0.0855
Pakistan	Pakistani Rupee	101.2450	-0.1950	124.5004	-1.6609	157.8672	-1.3992
Peru	Peruvian Nuevo Sol	2.9520	0.0045	3.6301	-0.0358	4.6029	-0.0248

Dec 05	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Philippines	Philippine Peso	44.5300	-0.1050	54.7583	-0.7544	69.4338	-0.6456
Poland	Polish Zloty	3.3811	0.0382	4.1577	0.0001	5.2719	0.0235
Romania	Romanian Leu	3.6094	0.0478	4.4384	0.0088	5.6279	0.0360
Russia	Russian Ruble	52.9500	-1.3500	65.1123	-2.4208	82.5628	-2.6912
Saudi Arabia	Saudi Riyal	3.7534	-0.0001	4.6155	-0.0526	5.8525	-0.0406
Singapore	Singapore Dollar	1.3223	0.0112	1.6260	-0.0047	2.0617	0.0032
South Africa	South African Rand	11.3480	0.1681	13.9546	0.0501	17.6945	0.1414
South Korea	South Korean Won	1113.9500	-1.3000	1369.8185	-17.2221	1736.9374	-14.0676
Sweden	Swedish Krona	7.5606	0.0946	9.2973	0.0118	11.7890	0.0670
Switzerland	Swiss Franc	0.9777	0.0109	1.2023	-0.0001	1.5245	0.0066
Taiwan	New Taiwan Dollar	31.1090	-0.0050	38.2546	-0.4420	48.5070	-0.3437
Thailand	Thai Baht	32.8925	-	40.4477	-0.4608	51.2879	-0.3551
Tunisia	Tunisian Dinar	1.8614	0.0159	2.2889	-0.0064	2.9023	0.0048
Turkey	Turkish Lira	2.2616	0.0281	2.7810	0.0033	3.5263	0.0198
United Arab Emirates	UAE Dirham	3.6731	-	4.5167	-0.0515	5.7272	-0.0397
United Kingdom	Pound Sterling	0.6413	0.0044	0.7886	-0.0035	-	-
..One Month		0.6413	0.0044	0.7886	-0.0035	-	-
..Three Month		0.6412	0.0044	0.7885	-0.0035	-	-
..One Year		0.6410	0.0044	0.7881	-0.0035	-	-
United States	United States Dollar	-	-	1.2297	-0.0140	1.5593	-0.0108
..One Month		-	-	1.2297	-0.3404	1.5592	-0.0108
..Three Month		-	-	1.2296	-0.3404	1.5592	-0.0108
..One Year		-	-	1.2291	-0.3404	1.5589	-0.0108
Venezuela	Venezuelan Bolivar Fuerte	12.0000	-	14.7563	-0.1681	18.7111	-0.1296
Vietnam	Vietnamese Dong	21335.0000	-5.0000	26235.5639	-305.1230	33266.9104	-238.1924
European Union	Euro	0.8132	0.0092	-	-	1.2680	0.0056
..One Month		0.8132	0.0092	-	-	1.2680	0.0056
..Three Month		0.8131	0.0092	-	-	1.2679	0.0056
..One Year		0.8126	0.0091	-	-	1.2674	0.0056

Rates are derived from WM/Reuters at 4pm (London time). Currency redenominated by 1000. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

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	£ Strlg Dec 05	Day's chge%	Euro Index	£ Strlg Dec 04	£ Strlg Dec 03	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	6742.84	0.95	6663.56	6679.37	6716.63	6551.99	3.46	1.86	15.56	230.31	5087.44
FTSE 250 (250)	16002.88	1.03	15814.72	15840.51	15811.55	15317.05	2.61	2.08	18.36	400.15	10842.85
FTSE 250 ex Inv Co (212)	17245.19	1.10	17042.42	17058.32	17019.28	16622.80	2.66	2.21	16.97	440.80	11911.31
FTSE 350 (350)	3673.68	0.96	3630.49	3638.68	3654.79	3561.74	3.33	1.89	15.94	120.32	5596.79
FTSE 350 ex Investment Trusts (312)	3654.00	0.97	3611.04	3618.89	3635.15	3546.99	3.35	1.90	15.74	120.57	2865.64
FTSE 350 Higher Yield (96)	3610.08	0.73	3567.63	3583.92	3617.68	3561.83	4.55	1.70	12.95	161.98	5561.32
FTSE 350 Lower Yield (254)	3378.18	1.21	3338.46	3337.67	3334.36	3211.49	2.01	2.35	21.25	68.35	3500.11
FTSE SmallCap (292)	4367.90	0.46	4316.54	4347.87	4344.31	4328.29	2.42	1.64	25.11	100.91	5817.92
FTSE SmallCap ex Inv Co (152)	3780.52	0.41	3736.06	3764.92	3752.61	3900.25	2.31	2.33	18.60	87.72	5291.59
FTSE All-Share (642)	3607.25	0.95	3564.84	3573.47	3588.67	3499.80	3.30	1.88	16.14	117.12	5560.67
FTSE All-Share ex Inv Co (464)	3575.04	0.96	3533.01	3541.03	3556.46	3474.03	3.33	1.90	15.79	117.42	2850.56
FTSE All-Share ex Multinationals (577)	1147.85	1.32	940.17	1132.87	1134.23	1112.69	2.83	2.04	17.27	31.29	1900.42
FTSE Fledgling (98)	6809.45	0.27	6729.38	6791.12	6808.16	6406.24	2.38	-0.70	-59.83	168.40	11983.24
FTSE Fledgling ex Inv Co (53)	8432.94	0.12	8333.79	8423.25	8439.50	7663.21	1.81	-3.95	-13.95	158.28	14449.16
FTSE All-Small (390)	3018.66	0.45	2983.17	3005.10	3003.15	2981.60	2.42	1.53	27.04	69.95	5163.88
FTSE All-Small ex Inv Co Index (205)	2804.98	0.40	2772.00	2793.76	2785.23	2870.41	2.29	2.12	20.61	64.36	4975.67
FTSE AIM All-Share Index (843)	714.13	0.55	705.73	710.23	711.50	822.20	1.10	2.34	38.85	7.85	757.62
FTSE Sector Indices											
Oil & Gas (22)	**7661.94**	**-0.47**	**7571.85**	**7698.10**	**7830.55**	**8449.59**	**4.41**	**1.76**	**12.91**	**345.25**	**6097.11**
Oil & Gas Producers (15)	7281.61	-0.44	7196.00	7313.80	7437.80	7977.42	4.42	1.75	12.92	329.40	5990.09
Oil Equipment Services & Distribution (7)	17666.12	-1.30	17458.40	17898.80	18332.42	23267.61	4.01	1.97	12.66	702.50	12458.73
Basic Materials (31)	**4830.79**	**-0.97**	**4773.99**	**4877.98**	**4943.34**	**5224.52**	**3.76**	**2.79**	**9.53**	**178.82**	**4519.06**
Chemicals (7)	11887.60	1.66	11747.83	11694.05	11565.79	11031.03	2.16	2.42	19.12	249.46	10022.92
Forestry & Paper (1)	12952.39	0.92	12800.10	12834.86	12811.35	11242.25	2.93	3.19	10.70	379.57	13162.84
Industrial Metals & Mining (2)	1456.25	-0.20	1439.13	1459.18	1468.00	1342.36	0.68	14.83	9.85	9.30	1260.39
Mining (21)	13994.34	-1.31	13829.79	14180.26	14414.61	15479.74	3.98	2.79	9.00	551.27	6817.35
Industrials (115)	**4301.83**	**1.33**	**4251.25**	**4245.29**	**4222.78**	**4390.60**	**2.56**	**2.07**	**18.92**	**107.00**	**4166.60**
Construction & Materials (14)	4311.97	1.64	4261.27	4242.58	4200.68	4242.96	3.57	0.34	82.46	156.30	4300.88
Aerospace & Defense (9)	5006.07	1.42	4947.21	4936.14	4905.00	5268.92	2.17	4.02	11.48	107.80	5059.31
General Industrials (6)	3207.73	1.23	3170.01	3168.80	3123.41	3476.60	3.51	1.86	15.33	111.44	3378.31
Electronic & Electrical Equipment (12)	4912.73	1.40	4854.96	4844.95	4853.90	5400.71	2.30	2.12	20.49	102.77	4244.86
Industrial Engineering (14)	9182.83	2.55	9074.86	8954.68	8851.63	10192.40	2.59	2.34	16.51	238.29	10468.94
Industrial Transportation (8)	3978.37	0.72	3931.59	3949.97	3898.97	4711.09	3.84	1.48	17.62	152.66	3219.31
Support Services (52)	6321.89	1.06	6247.56	6255.45	6243.48	6124.46	2.37	1.76	24.05	141.47	6189.25
Consumer Goods (38)	**16774.72**	**1.28**	**16577.48**	**16562.43**	**16566.45**	**14902.97**	**2.91**	**1.87**	**18.41**	**475.62**	**11454.50**
Automobiles & Parts (1)	8382.62	3.24	8284.05	8119.41	8140.56	8563.57	2.27	3.62	12.15	190.35	7515.44
Beverages (6)	14904.91	1.69	14729.66	14657.35	14715.09	14225.66	2.31	1.93	22.45	343.99	9883.68
Food Producers (10)	8466.41	2.03	8366.86	8297.86	8288.03	7172.25	1.86	1.86	28.91	190.74	6913.37
Household Goods & Home Construction (12)	10603.61	1.46	10478.94	10450.80	10310.69	9141.56	2.37	2.51	16.85	225.93	7032.25
Leisure Goods (2)	5211.59	1.70	5150.32	5124.62	5171.85	5663.82	4.10	1.09	22.33	205.93	4218.47
Personal Goods (5)	22231.75	1.63	21970.35	21875.53	21775.95	20959.36	3.00	2.65	12.58	465.25	13933.69
Tobacco (2)	42825.99	0.42	42322.44	42648.07	42944.86	35839.75	3.95	1.30	19.50	1693.62	24927.62
Health Care (19)	**9641.95**	**0.71**	**9528.57**	**9573.67**	**9623.11**	**8250.07**	**3.51**	**1.25**	**22.73**	**341.77**	**6779.88**
Health Care Equipment & Services (9)	6436.74	1.62	6361.05	6333.84	6333.10	4808.73	1.38	2.46	29.36	93.07	5376.07
Pharmaceuticals & Biotechnology (10)	13197.33	0.64	13042.15	13113.86	13187.42	11405.33	3.69	1.21	22.31	489.33	8227.05
Consumer Services (96)	**4564.08**	**1.33**	**4510.42**	**4504.30**	**4500.29**	**4470.10**	**2.71**	**2.01**	**18.41**	**121.91**	**4021.29**
Food & Drug Retailers (7)	2889.17	2.10	2855.20	2829.88	2866.45	4512.97	5.55	2.08	8.67	158.56	3249.19
General Retailers (30)	2829.61	0.88	2796.34	2804.84	2800.87	2620.02	2.31	2.42	17.92	63.87	3026.26
Media (24)	6717.06	0.83	6638.08	6661.52	6654.24	6298.12	2.83	1.49	23.73	187.38	3856.06
Travel & Leisure (35)	7911.52	1.75	7818.49	7775.28	7736.80	6731.07	1.90	2.30	22.90	146.34	7048.07
Telecommunications (8)	**3869.03**	**2.64**	**3823.54**	**3769.61**	**3795.64**	**3839.43**	**3.99**	**2.53**	**9.93**	**144.07**	**3882.43**
Fixed Line Telecommunications (6)	4831.17	1.97	4774.36	4737.87	4704.07	4338.60	2.75	1.90	19.21	97.14	4036.16
Mobile Telecommunications (2)	5191.14	3.04	5130.11	5037.97	5115.43	5354.20	4.73	2.74	7.70	245.60	4631.03
Utilities (8)	**8994.49**	**0.69**	**8888.73**	**8932.65**	**8964.42**	**7799.14**	**4.75**	**1.24**	**17.02**	**418.54**	**9122.11**
Electricity (3)	10352.58	1.14	10230.85	10236.39	10211.21	8737.15	4.82	0.69	30.11	500.46	13014.79
Gas Water & Multiutilities (5)	8181.07	0.56	8084.87	8135.36	8178.70	7148.08	4.72	1.40	15.08	376.09	8346.63
Financials (283)	**4770.78**	**1.48**	**4714.68**	**4701.35**	**4718.01**	**4522.90**	**3.05**	**1.78**	**18.38**	**143.54**	**4025.25**
Banks (7)	4523.10	2.15	4469.92	4427.76	4445.80	4720.87	3.28	1.18	25.73	150.03	2995.14
Nonlife Insurance (12)	2170.56	1.02	2145.03	2148.73	2155.10	2025.12	3.08	1.44	22.61	67.47	3539.43
Life Insurance/Assurance (12)	7903.67	1.31	7810.73	7801.33	7835.35	6603.20	3.23	1.84	16.82	254.83	7007.49
Index- Real Estate Investment & Services (25)	2675.87	0.64	2644.40	2658.74	2657.44	2618.69	1.76	5.52	10.31	47.75	6734.08
Real Estate Investment Trusts (20)	2785.21	0.40	2752.47	2774.02	2786.15	2242.75	2.96	5.85	5.78	81.08	3195.01
General Financial (29)	7302.14	1.37	7216.28	7203.39	7226.09	6350.91	2.96	1.90	17.78	191.40	7684.45
Equity Investment Instruments (178)	7581.19	0.54	7492.05	7540.43	7551.44	7042.56	2.41	1.04	39.94	168.23	3880.85
Non Financials (359)	**4176.91**	**0.76**	**4127.80**	**4145.31**	**4163.96**	**4086.14**	**3.38**	**1.91**	**15.48**	**139.02**	**5641.76**
Technology (22)	**1203.43**	**1.40**	**1189.28**	**1186.79**	**1169.69**	**1172.66**	**1.37**	**2.03**	**35.74**	**15.66**	**1483.11**
Software & Computer Services (14)	1364.98	0.42	1348.93	1359.24	1327.29	1251.64	2.03	1.95	25.27	26.11	1749.78
Technology Hardware & Equipment (8)	1457.24	2.13	1440.11	1426.80	1415.93	1484.02	0.90	2.17	51.35	12.98	1658.15

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	6715.75	6726.88	6721.95	6721.02	6724.24	6733.44	6744.26	6735.46	6742.23	6751.25	6712.33
FTSE 250	15926.00	15960.37	15951.32	15955.09	15952.96	15970.04	15985.98	15969.35	15990.36	16002.88	15924.37
FTSE SmallCap	4364.31	4366.19	4365.88	4366.03	4365.88	4368.04	4367.82	4366.11	4367.14	4369.23	4362.78
FTSE All-Share	3592.71	3598.79	3596.32	3596.04	3597.38	3602.04	3607.30	3602.84	3606.54	3610.45	3591.90

Time of FTSE 100 Day's high:15:42:00 Day's Low11:44:00 FTSE 100 2010/11 High: 6878.49(14/05/2014) Low: 6195.91(16/10/2014)
Time of FTSE All-Share Day's high:15:42:00 Day's Low11:44:00 FTSE 100 2010/11 High: 3685.07(24/02/2014) Low: 3308.67(16/10/2014)

Further information is available on http://www.ftse.com "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

FT 30 INDEX

	Dec 05	Dec 04	Dec 03	Dec 02	Dec 01	Yr Ago	High	Low
FT 30	2809.40	2775.40	2781.60	2787.40	2754.80	0.00	2856.60	2433.00
FT 30 Div Yield	1.80	1.82	1.82	1.81	1.82	0.00	3.93	2.74
P/E Ratio net	24.77	24.55	24.58	24.71	24.48	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2775.4	2797.3	2795.1	2797.3	2797.8	2802.1	2806	2805	2806.4	2810.6	2775.4

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FX: EFFECTIVE INDICES

	Dec 04	Dec 03	Mnth Ago		Dec 05	Dec 04	Mnth Ago
Australia	101.12	101.62	103.01	Sweden	81.54	81.50	81.48
Canada	102.03	102.24	102.23	Switzerland	147.40	146.90	146.40
Denmark	108.49	108.15	107.88	UK	87.18	87.65	87.95
Japan	121.67	122.13	127.16	USA	95.74	95.98	93.94
New Zealand	124.51	124.44	120.64	Euro	93.99	93.28	93.01
Norway	94.09	94.71	96.80				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Health Care Eq & Srv	29.86	Forestry & Paper	5.35	Telecommunications	-2.10
Real Est Invest & Tr	21.22	Software & Comp Serv	5.06	Construct & Material	-2.72
Tobacco	17.66	Personal Goods	3.15	Technology	-2.93
Food Producers	15.11	Nonlife Insurance	3.11	Automobiles & Parts	-4.45
Health Care	14.86	Financials	2.76	Banks	-5.22
Household Goods & Ho	13.85	Media	2.07	Mobile Telecomms	-5.72
Pharmace & Biotech	13.82	Beverages	1.88	Industrials	-7.05
Electricity	12.72	Chemicals	1.80	Tech Hardware & Eq	-8.41
Life Insurance	12.59	FTSE 250 Index	0.42	Basic Materials	-9.79
Travel & Leisure	10.23	FTSE All{HY-}Share Index	-0.07	Aerospace & Defense	-10.28
Consumer Goods	10.13	FTSE 100 Index	-0.09	Mining	-11.30
Utilities	9.95	Real Est Invest & Se	-0.14	Oil & Gas Producers	-12.09
Gas Water & Multi	9.19	NON FINANCIALS Index	-1.04	Oil & Gas	-12.44
Financial Services	9.17	Consumer Services	-1.22	Industrial Eng	-14.20
General Retailers	8.43	FTSE SmallCap Index	-1.43	Electronic & Elec Eq	-15.00
Fixed Line Telecomms	7.83	Leisure Goods	-1.67	Industrial Transport	-16.20
Equity Invest Instr	5.83	Support Services	-1.89	Oil Equipment & Serv	-21.77
		Industrial Metals &	-2.07	Food & Drug Retailer	-36.00

FTSE 100 SUMMARY

FTSE 100	Closing Price	Week's Change	FTSE 100	Closing Price	Week's Change
3i Group PLC	457.80	13.80	Kingfisher PLC	328.20	16.20
Aberdeen Asset Management PLC	467.70	17.80	Land Securities Group PLC	1185	-3.00
Admiral Group PLC	1278	38.00	Legal & General Group PLC	247.00	0.30
Aggreko PLC	1558	25.00	Lloyds Banking Group PLC	80.89	0.54
Anglo American PLC	1268	-53.50	London Stock Exchange Group PLC	2251	-4.00
Antofagasta PLC	732.00	-5.00	Marks and Spencer Group PLC	496.90	8.40
ARM Holdings PLC	946.50	32.00	Meggitt PLC	518.00	15.00
Ashtead Group PLC	1101	47.00	Mondi PLC	1102	7.00
Associated British Foods PLC	3284	81.00	Morrison (Wm) Supermarkets PLC	184.80	6.30
AstraZeneca PLC	4739.5	-40.50	National Grid PLC	930.00	0.00
Aviva PLC	506.00	-2.00	Next PLC	6655	-120.00
Babcock International Group PLC	1144	7.00	Old Mutual PLC	197.60	-2.70
BAE Systems PLC	481.70	0.60	Pearson PLC	1220	-11.00
Barclays PLC	249.45	4.30	Persimmon PLC	1613	80.00
BG Group PLC	907.50	7.30	Petrofac Ltd	778.00	-47.00
BHP Billiton PLC	1474	-43.00	Prudential PLC	1550.5	2.50
BP PLC	424.50	4.30	Randgold Resources Ltd	4189	-64.00
British American Tobacco PLC	3744.5	-50.00	Reckitt Benckiser Group PLC	5255	0.00
British Land Company PLC	775.50	7.50	Reed Elsevier PLC	1108	-5.00
British Sky Broadcasting Group PLC	949.50	17.50	Rio Tinto PLC	2898	-94.50
BT Group PLC	420.00	9.80	Rolls-Royce Holdings PLC	900.00	57.50
Bunzl PLC	1814	28.00	Royal Bank Of Scotland Group PLC	403.50	8.20
Burberry Group PLC	1678	28.00	Royal Dutch Shell PLC (A)	2149	16.50
Capita PLC	1055	-15.00	Royal Dutch Shell PLC (B)	2230.5	7.50
Carnival PLC	2805	-15.00	Royal Mail PLC	404.50	-13.30
Centrica PLC	286.00	1.40	RSA Insurance Group PLC	452.40	-15.80
Coca-Cola HBC AG	1431	-21.00	SABMiller PLC	3422	-142.00
Compass Group PLC	1104	14.00	Sage Group PLC	447.90	40.80
CRH PLC	1579	68.00	Sainsbury (J) PLC	238.30	4.90
Diageo PLC	1971	-10.00	Schroders PLC	2768	73.00
Direct Line Insurance Group PLC	291.70	-2.80	Severn Trent PLC	1991	-52.00
Dixons Carphone PLC	444.10	20.80	Shire PLC	4602	45.00
easyJet PLC	1761	108.00	Smith & Nephew PLC	1114	4.00
Experian PLC	1055	42.00	Smiths Group PLC	1145	-12.00
Fresnillo PLC	719.50	7.50	Sports Direct International PLC	699.50	39.00
Friends Life Group Ltd	380.50	11.30	SSE PLC	1679	39.00
G4S PLC	276.10	-0.30	St. James's Place PLC	821.50	27.50
GKN PLC	356.70	11.40	Standard Chartered PLC	973.00	35.90
GlaxoSmithKline PLC	1470.5	-14.50	Standard Life PLC	426.30	2.30
Glencore PLC	316.50	-3.90	Tesco PLC	189.60	3.15
Hammerson PLC	623.50	0.50	Travis Perkins PLC	1838	31.00
Hargreaves Lansdown PLC	991.00	15.50	TUI Travel PLC	450.00	5.30
HSBC Holdings PLC	643.10	6.10	Tullow Oil PLC	396.00	-30.00
IMI PLC	1219	38.00	Unilever PLC	2729	23.00
Imperial Tobacco Group PLC	2878	-82.00	United Utilities Group PLC	900.00	-5.50
InterContinental Hotels Group PLC	2639	-71.00	Vodafone Group PLC	230.60	-3.35
International Consolidated Airlines Group SA	486.70	29.20	Weir Group PLC	1838	-38.00
Intertek Group PLC	2319	-16.00	Whitbread PLC	4675	88.00
Intu Properties PLC	350.50	-6.40	Wolseley PLC	3690	100.00
ITV PLC	213.20	-1.00	WPP PLC	1367	27.00
Johnson Matthey PLC	3409	83.00			

FTSE GLOBAL EQUITY INDEX SERIES

Dec 05 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	7538	477.43	0.1	1.4	3.6	636.88	6.1	2.3
FTSE Global All Cap	6909	490.12	0.0	1.1	4.8	642.61	7.2	2.2
FTSE Global Large Cap	1349	425.24	0.1	1.4	4.2	579.24	6.8	2.4
FTSE Global Mid Cap	1669	623.20	0.0	1.9	3.1	797.36	5.1	2.0
FTSE Global Small Cap	4520	652.20	0.2	0.6	0.6	810.46	2.3	1.8
FTSE All-World	3018	279.83	0.1	1.5	4.0	393.58	6.5	2.4
FTSE World	2540	494.47	0.1	1.6	4.0	933.87	6.5	2.3
FTSE Global All Cap ex UNITED KINGDOM In	7209	488.76	0.1	1.5	4.5	643.50	6.8	2.2
FTSE Global All Cap ex USA	5555	459.34	0.0	0.4	-3.4	647.18	-0.6	2.8
FTSE Global All Cap ex JAPAN	6294	491.60	0.2	1.6	4.3	661.24	6.7	2.4
FTSE Developed	2113	445.83	0.1	1.8	4.3	599.05	6.8	2.3
FTSE Developed All Cap	5644	466.61	0.1	1.7	3.8	620.62	6.2	2.2
FTSE Developed Large Cap	901	414.59	0.1	1.8	4.5	563.99	7.1	2.4
FTSE Developed Europe Large Cap	201	369.50	0.6	2.4	-5.0	562.98	-1.8	3.3
FTSE Developed Europe Mid Cap	318	514.42	0.5	4.0	-3.8	718.88	-1.4	2.5
FTSE Dev Europe Small Cap	705	696.27	0.2	2.2	-7.1	948.49	-5.0	2.4
FTSE North America Large Cap	332	448.81	0.1	2.4	11.6	577.18	13.9	2.0
FTSE North America Mid Cap	398	678.78	0.1	2.1	8.6	823.20	10.2	1.6
FTSE North America Small Cap	1498	684.51	0.4	0.9	3.8	807.50	5.2	1.6
FTSE North America	730	301.18	0.1	2.3	11.1	397.32	13.3	2.0
FTSE Developed ex North America	1383	240.69	0.1	1.0	-4.5	363.69	-1.7	2.8
FTSE Japan Large Cap	174	311.20	-1.0	-0.5	-4.3	381.27	-2.4	1.7
FTSE Japan Mid Cap	301	425.01	-1.4	0.1	-1.1	504.81	0.4	1.4
FTSE Global wi JAPAN Small Cap	769	465.19	-1.0	-1.2	-2.8	569.44	-1.1	1.6
FTSE Japan	475	127.03	-1.0	-0.4	-3.7	175.01	-1.8	1.7
FTSE Asia Pacific Large Cap ex Japan	475	624.16	-0.3	-1.0	1.6	902.63	4.7	3.0
FTSE Asia Pacific Mid Cap ex Japan	446	813.65	-0.4	-0.6	2.4	1140.72	5.1	2.6
FTSE Asia Pacific Small Cap ex Japan	1319	541.05	-0.1	-1.5	-1.3	747.88	1.2	2.7
FTSE Asia Pacific Ex Japan	921	491.84	-0.3	-0.9	1.7	756.49	4.7	2.9
FTSE Emerging All Cap	1894	708.82	-0.2	-1.4	1.4	981.11	4.3	2.9
FTSE Emerging Large Cap	448	673.56	-0.2	-1.8	1.5	937.48	4.5	3.0
FTSE Emerging Mid Cap	457	879.81	-0.5	-0.3	1.0	1214.78	3.7	2.7
FTSE Emerging Small Cap	989	723.50	0.0	-0.3	1.2	966.64	3.7	2.6
FTSE Emerging Europe	86	355.28	-1.3	-6.2	-22.3	498.11	-19.5	3.6
FTSE Latin America All Cap	245	945.12	0.1	-7.3	-11.4	1353.47	-8.6	3.8
FTSE Middle East and Africa All Cap	210	776.59	-1.1	-2.2	5.9	1125.11	8.8	2.6
FTSE Global wi UNITED KINGDOM All Cap In	329	367.08	0.3	0.6	-6.2	559.43	-3.0	3.4
FTSE Global wi USA All Cap	1983	512.03	0.2	2.4	11.0	642.44	13.0	1.8
FTSE Europe All Cap	1371	414.94	0.5	2.3	-5.6	614.34	-2.6	3.1
FTSE Eurobloc All Cap	629	387.08	1.1	4.6	-6.2	581.09	-3.4	2.9
FTSE RAFI All World 3000	3030	6009.16	0.1	1.1	1.6	7341.76	4.4	2.8
FTSE RAFI US 1000	1030	9327.91	0.2	2.2	10.5	11492.90	12.9	2.2
FTSE EDHEC-Risk Efficient All-World	3018	322.67	0.0	1.7	6.7	423.81	9.0	2.1
FTSE EDHEC-Risk Efficient Developed Europe	519	287.00	0.3	2.7	-2.5	408.09	0.1	2.7

Dec 05 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas	176	407.32	-1.1	-1.1	-14.2	599.27	-11.6	3.5
Oil & Gas Producers	121	371.36	-1.1	-1.1	-14.3	555.41	-11.6	3.6
Oil Equipment & Services	46	420.01	-1.3	-1.3	-13.9	565.50	-11.9	3.2
Basic Materials	270	450.60	-0.3	-0.3	-7.8	640.63	-5.4	2.8
Chemicals	115	642.16	0.4	0.4	0.3	920.46	2.7	2.3
Forestry & Paper	18	211.34	0.3	0.3	0.2	329.24	3.3	2.9
Industrial Metals & Mining	75	439.16	-0.5	-0.5	-13.4	625.29	-11.4	2.5
Mining	62	586.13	-1.9	-1.9	-20.5	822.06	-17.9	4.0
Industrials	533	319.50	0.0	0.0	1.1	433.86	3.2	2.1
Construction & Materials	114	440.38	0.4	0.4	-2.4	626.75	-0.3	2.1
Aerospace & Defense	28	503.92	0.6	0.6	2.7	679.68	4.7	1.9
General Industrials	55	220.31	0.0	0.0	-1.8	319.38	0.5	2.5
Electronic & Electrical Equipment	67	336.41	-0.5	-0.5	4.7	423.11	6.5	1.6
Industrial Engineering	103	637.40	0.0	0.0	-4.1	850.21	-2.1	2.1
Industrial Transportation	95	598.53	-0.2	-0.2	11.7	811.86	14.0	2.0
Support Services	71	271.87	-0.1	-0.1	0.3	355.92	2.5	2.0
Consumer Goods	405	414.39	0.1	0.1	3.3	574.26	5.8	2.3
Automobiles & Parts	97	401.86	0.3	0.3	-1.7	534.88	0.5	2.0
Beverages	47	554.75	0.4	0.4	5.5	779.41	8.1	2.4
Food Producers	100	559.81	0.0	0.0	5.3	800.65	7.8	2.2
Household Goods & Home Construction	45	395.05	-0.1	-0.1	7.6	545.28	10.4	2.3
Leisure Goods	26	127.48	-0.1	-0.1	-0.4	160.76	0.9	1.1
Personal Goods	77	595.25	0.2	0.2	-1.2	792.31	0.7	2.0
Tobacco	13	1131.19	-0.2	-0.2	10.9	2102.72	15.2	4.0
Health Care	160	449.39	0.4	0.4	20.9	614.03	23.3	1.8
Health Care Equipment & Services	58	594.82	0.5	0.5	23.0	674.47	24.3	1.0
Pharmaceuticals & Biotechnology	102	348.32	0.4	0.4	20.3	493.31	23.0	2.0
Consumer Services	382	370.42	0.0	0.0	4.2	472.72	6.0	1.6
Food & Drug Retailers	56	294.26	0.1	0.1	3.7	390.48	5.9	2.0
General Retailers	119	469.26	-0.3	-0.3	3.0	585.49	4.7	1.5
Media	88	299.36	0.0	0.0	7.4	382.09	8.8	1.5
Travel & Leisure	119	361.66	0.4	0.4	2.5	466.01	4.3	1.7
Telecommunication	95	173.29	0.1	0.1	-1.6	292.43	2.4	4.1
Fixed Line Telecommuniations	45	142.31	0.2	0.2	3.0	261.25	7.7	4.6
Mobile Telecommunications	50	187.42	0.0	0.0	-6.4	288.75	-3.1	3.3
Utilities	161	268.40	-0.2	-0.2	9.6	472.82	13.8	3.7
Electricity	112	282.36	-0.3	-0.3	12.8	492.83	17.0	3.6
Gas Water & Multiutilities	49	302.82	-0.1	-0.1	5.2	545.68	9.3	3.7
Financials	658	219.64	0.6	0.6	3.7	331.20	6.6	2.7
Banks	241	206.30	0.8	0.8	-0.1	330.34	3.1	3.0
Nonlife Insurance	69	216.25	0.2	0.2	8.1	293.92	10.7	2.1
Life Insurance	48	213.43	0.9	0.9	3.3	315.14	5.9	2.5
Financial Services	136	235.15	0.8	0.8	8.2	306.80	10.1	1.7
Technology	178	174.54	-0.2	-0.2	17.8	204.56	19.8	1.5
Software & Computer Services	78	273.68	-0.5	-0.5	8.1	310.54	9.4	1.1
Technology Hardware & Equipment	100	142.68	0.0	0.0	26.7	171.01	29.5	1.9

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UK STOCK MARKET TRADING DATA

	Dec 05	Dec 04	Dec 03	Dec 02	Dec 01	Yr Ago
SEAQ Bargains	5782.00	5096.00	5850.00	7323.00	6406.00	6406.00
Order Book Turnover (m)	54.48	36.35	-	49.91	77.12	77.12
Order Book Bargains	673098.00	702148.00	5035.00	809019.00	812765.00	812765.00
Order Book Shares Traded (m)	1351.00	1348.00	3.00	2351.00	1519.00	1519.00
Total Equity Turnover (£m)	3644.16	3735.70	3664.60	-	0.68	0.68
Total Mkt Bargains	805020.00	819468.00	886003.00	-	6.00	6.00
Total Shares Traded (m)	3536.00	3520.00	3497.00	-	0.00	0.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

Data provided by Morningstar | www.morningstar.co.uk

UK RIGHTS OFFERS

Issue price p	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-
0.90	-	2014-10-29	21.68	21.68	Ceramic Fuel Cells Ltd	21.68	-
0.044	-	2014-10-31	0.42	0.41	Ferrum Crescent Ltd	0.42	0.02
0.0675	-	2014-12-01	6.00	5.50	Plaza Centers NV	5.50	-0.875
0.006	-	-	0.40	0.35	Scotgold Resources Ltd	0.40	-0.025
-	-	-	515.50	502.50	UBM PLC	515.50	4.50

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Berkeley Group Holdings (The)	Int	**1022.2**	821	**304.9**	169.5	**178.6**	100	**90**	90	-	**180**	149
Global Resources Investment Trust	Pre		-	**10.301L**	-	**0.47L**	-	**-**	-	-	**-**	-
Inspirit Energy Holdings	Pre	**-**	-	**1.377L**	0.095L	**0.24L**	0.02L	**-**	-	-	**-**	-
Ironveld	Pre	**-**	-	**0.75L**	0.886L	**0.33L**	3.01L	**-**	-	-	**-**	-
Majedie Investments	Pre			**16.166**	19.739	**9.4**	6.8	**4.5**	6.3	-	**12**	10.5
Polar Capital Technology Trust	Int			**113.706**	66.915	**0.82L**	0.39	**-**	-	-	**-**	-

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.
For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
12/04	6.00	AIM	PCGE	PCG Entertainment PLC	6.25	-0.38	6.70	6.25	6441.8
12/04	130.00	AIM	TPOP	People's Operator (The) PLC	134.00	-1.78	145.00	130.00	10331.3
12/02	128.00	AIM	CHOC	United Cacao Ltd SEZC	159.00	-5.00	162.30	128.10	2930.4
11/13	283.00		VM/	Virgin Money Holdings (UK) PLC	284.50	0.25	291.00	279.00	125635.4
11/12	160.00	AIM	MAB1	Mortgage Advice Bureau (Holdings) PLC	175.50	0.30	178.38	160.00	8864.4
11/10	120.00	AIM	HAV	Haversham Holdings PLC	128.00	0.00	130.00	120.00	0.0
11/07	134.00	AIM	FEVR	Fevertree Drinks PLC	180.38	-2.75	184.00	160.00	20786.6
11/06	116.00	AIM	QTX	Quartix Holdings PLC	170.00	-4.80	181.50	117.00	7937.6
11/03	236.00	AIM	NKTN	Nektan PLC	187.50	1.30	252.00	170.00	3980.3
10/30	100.00	AIM	ENTU	entu (UK) PLC	105.50	2.58	112.00	100.00	6920.8
10/28	100.00			Ediston Property Investment Company PLC	103.00	0.00	104.10	101.02	9785.0

§Placing price. *Intoduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir
For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	+/-Week	52 Week High	52 Week Low	Yld	P/E	MCap m
Argentina ()							
YPF	359.00	-37.50	561.00	275.00	0.32	15.22	165075.35
Australia (A$)							
ANZ♦	32.10	-0.35	35.07	28.84	5.48	12.36	73728.13
BHPBilltn	30.42	-1.58	39.79	29.26	4.15	10.73	81403.49
CmwBkAu	81.64	0.14	83.92	72.14	4.85	15.14	110286.28
CSL	85.97	2.95	88.40	63.77	1.39	29.13	34006.94
NatAusBk♦	32.40	-0.53	36.00	31.50	6.11	14.69	63880.3
Telstra	5.67	-0.07	5.80	4.92	5.19	15.27	57757.05
Wesfarmers♦	42.05	-0.30	46.69	40.33	4.65	29.12	40055.92
Westpc♦	33.01	-0.22	35.99	30.00	5.45	13.99	85511.2
WoodsdPet	35.71	-2.76	44.23	33.72	5.98	13.01	24514.32
Woolworths	30.84	-0.91	38.92	29.96	4.56	15.26	32454.99
Belgium (€)							
AnBshInBv	94.25	-0.21	94.64	69.14	1.75	22.05	186202.88
Brazil (R$)							
Ambev	16.00	-0.76	17.85	14.99	1.89	20.34	96539.89
BncBrasil	27.23	-2.47	38.19	18.61	4.99	5.76	29987.25
BncoDoBrasl	31.99	-1.53	35.98	21.54	3.79	19.45	24589.26
Bradesco♦	35.90	-2.35	41.30	27.13	0.96	10.48	29024.6
Cielo	42.79	-0.83	47.10	30.98	3.01	20.89	25855.9
ItauHldFin	33.03	-1.17	38.74	23.91	1.38	8.82	35163.76
Itausa♦	10.20	-0.25	11.78	7.73	1.91	8.18	9221.83
Petrobras	11.45	-0.73	23.50	11.28	4.92	7.19	32750.89
SntnderBras♦	7.50	-0.50	8.50	5.50	3.60	13.96	11154.65
Vale	21.88	-1.41	36.20	21.40	5.29	-11.26	27053.59
Canada (C$)							
BCE	52.24	-1.10	54.24	44.75	4.58	17.86	37801.62
BkMontrl	80.27	-3.59	85.71	67.04	3.79	12.32	45570.76
BkNvaS	66.20	-4.30	74.93	59.92	3.69	11.59	70519.07
Brookfield♦	56.88	-0.61	58.08	39.51	1.29	12.49	31257.54
CanadPcR	218.93	-1.63	247.56	155.02	0.63	35.37	32851.28
CanImp	102.33	-4.16	107.37	85.03	3.80	13.18	35544.65
CanNatRs	37.14	-0.82	49.57	33.67	2.32	13.17	35504.14
CanNatRy	77.61	-3.62	86.00	57.07	1.22	22.11	55449.07
Enbridge	58.46	5.96	65.13	43.00	2.30	66.21	43315.24
GtWesLif♦	33.40	-0.47	33.98	28.61	3.62	13.04	29191.59
HuskyE♦	23.63	-0.55	37.31	23.61	4.99	11.62	20341.75
ImpOil♦	52.22	2.64	57.96	44.99	0.98	10.83	38735.94
Manulife♦	23.01	0.24	23.09	18.91	2.33	10.82	37424.12
Potash	40.42	1.11	41.82	32.35	3.81	23.07	29345.99
RylBkC	80.40	-2.76	83.87	67.65	3.49	13.57	101455.74
Suncor En♦	35.75	-0.36	47.18	34.70	2.59	17.52	45842.05
ThmReut♦	45.29	-0.31	46.50	36.86	3.19	83.02	31853.66
TntoDom	54.25	-3.37	58.20	46.87	3.35	13.28	87558.33
TrnCan	56.01	1.56	63.86	46.10	3.34	23.68	34699.98
ValeantPh	165.49	-0.91	170.45	111.97	-	101.81	48311.26
China (HK$)							
AgricBkCh	3.82	0.23	4.04	3.04	5.69	5.62	15148.4
Bk China	4.13	0.27	4.28	3.03	5.76	5.86	44553.95
BkofComm	6.97	0.93	7.06	4.53	4.53	6.60	31481.97
ChConstBk	6.17	0.37	6.33	4.89	5.90	5.58	191364.97
ChinaCitic	5.91	0.61	6.07	3.60	5.24	5.59	11346.61
ChinaLife	27.95	0.95	28.60	19.72	1.17	22.88	26831.02
ChinaMBank	17.28	1.88	17.50	12.12	4.36	6.17	10234.27
ChinaMob	95.05	0.10	102.20	63.65	3.16	14.60	250088.39
ChinaPcIns	35.40	2.90	36.40	23.55	1.23	26.04	12674.41
ChMinsheng	9.24	1.11	9.55	6.73	1.33	5.09	8265.03
ChShenEgy	23.45	1.65	26.20	19.12	4.24	9.37	10281.46
ChUncHK	11.16	-0.52	14.22	9.03	1.77	18.04	34442.26
In&CmBkCh	5.48	0.30	5.66	4.33	5.22	5.79	61359.92
IndstrlBk RMB	13.60	2.42	14.05	8.60	2.93	5.81	35778.15
Kweichow RMB	170.92	14.24	179.60	118.01	2.21	12.70	31737.23
PetroChina	8.64	-0.06	11.70	7.31	4.59	10.05	23517.26
PingAnIns	73.00	8.80	76.50	55.60	1.13	13.64	29474.35
SaicMotor RMB	21.58	1.98	22.36	12.22	4.82	9.07	32430.09
ShgPdgBk RMB	13.53	2.05	14.00	8.39	4.23	5.72	32829.06
Sinopec	6.59	0.16	8.23	5.73	4.03	10.35	21690.51
Denmark (kr)							
DanskeBk	170.80	0.80	171.20	119.10	1.16	14.36	28476.41
MollerMrsk	12050	-430.00	15390	10770	2.49	16.13	4377.69
NovoB	281.00	8.10	286.20	189.70	1.14	28.94	22876.71
Finland (€)							
Nokia	6.80	0.11	6.98	4.89	1.60	27.73	31315.34
SampoA	39.55	-0.12	39.98	33.06	4.12	14.49	27176.91
France (€)							
Airbus Grpe	49.83	0.84	57.33	41.05	1.49	23.79	48082.22
AirLiquide	102.30	1.10	102.75	83.45	2.53	21.08	43358.46
AXA	19.72	0.31	20.64	16.43	4.17	9.36	58750.5
BNP Parib	51.92	0.36	61.82	43.28	2.85	-63.96	79424.11
ChristianDior	155.95	1.95	157.45	126.10	1.52	18.26	34215.42
Cred Agr	11.42	0.11	12.22	8.75	3.03	13.89	36164.34
Danone	57.00	0.25	57.44	48.33	2.58	31.15	42030.13
EDF	24.63	0.56	29.90	21.21	5.15	12.78	56281.7
Essilor Intl	92.56	2.26	92.60	70.51	1.03	19.79	23951.69
GDF Suez	20.52	0.71	21.19	16.02	7.42	-5.66	59557.75
Kering	165.50	-0.60	167.70	136.95	2.30	24.35	25694.03
LOreal	139.10	1.90	139.10	114.55	1.82	28.16	102847.61
LVMH	145.75	1.25	147.20	121.00	2.16	21.44	90988.94
Orange♦	14.72	0.55	14.73	8.39	5.52	24.72	47608.72
PernodRic	95.49	0.18	96.23	78.82	1.78	24.62	31166.74
Safran	53.54	1.51	54.59	43.24	2.12	14.02	27410.14
Sanofi	76.14	-1.72	89.95	68.29	3.63	24.98	123908.61
Schneider	63.54	-2.06	72.22	52.59	3.66	18.85	45596.85
SocGen	39.28	-0.61	48.69	32.44	2.52	8.72	37124.93
StGobn	37.24	0.30	46.40	29.51	1.69	21.66	25727.53
Total SA	45.19	0.20	54.71	40.57	5.59	10.48	126416.72
UnibailR	210.15	-2.35	214.30	174.25	4.30	18.56	25335.89
Vinci	45.33	1.86	57.36	39.98	3.96	9.92	34158.17
Vivendi	20.74	0.26	21.31	17.26	4.77	-13.01	34401.52
Germany (€)							
Allianz	138.85	0.40	139.75	115.05	3.77	10.24	78029.6
BASF	74.30	1.29	88.28	64.27	3.59	13.92	83918.01
Bayer	120.95	0.00	121.40	91.31	1.72	27.68	122993.25
BMW	92.35	0.40	96.10	74.74	2.78	10.52	68363.96
Continental	176.85	7.65	183.25	136.85	1.05	16.69	43495.6
Daimler	70.00	2.20	71.27	55.10	3.18	10.10	92086.92
Deut Bank	26.85	0.57	40.00	22.66	1.94	-234.81	45524.25
Deut Tlkm	13.71	0.01	13.75	10.07	2.70	27.07	76445.07
DeutsPost	26.95	0.23	28.47	21.55	2.93	15.63	40081.44
E.ON	15.46	1.21	15.46	12.23	3.83	-56.91	38041.17
Fresenius	43.16	-0.44	44.31	34.23	0.72	21.66	28686.91
HenkelKgaA	79.61	-0.03	80.00	66.67	1.12	12.69	25432.97
Linde	153.95	2.20	158.45	137.05	1.93	25.48	35145.47
MuenchRkv	165.95	0.30	170.40	141.10	4.32	8.09	34741.2
RWE	29.80	0.67	32.98	24.75	2.45	-7.25	21098.14
SAP	56.94	0.26	63.30	50.08	1.28	20.95	86018.4
Siemens	94.39	-0.77	101.35	80.17	3.23	16.23	101735.82
Volkswgn	185.50	3.60	197.95	147.35	1.60	12.69	67312.45
Hong Kong (HK$)							
AIA	44.60	-0.35	45.65	34.65	0.89	30.45	69304.18
BOC Hold	27.40	-0.25	27.95	21.50	3.36	13.76	37372.66
ChngKong	139.30	-4.00	152.00	111.80	2.28	8.19	41623.13
Citic Ltd	14.20	1.08	16.88	9.35	2.25	9.06	45620.4
Citic Secs	28.15	5.50	29.80	13.72	0.65	32.23	4279.17
CNOOC	10.78	-1.22	15.88	10.40	4.81	7.61	62091.22
Galaxy Enter	48.05	-5.55	84.50	42.95	-	19.85	26313.22
HangSeng	128.10	-0.80	133.00	117.60	3.92	16.10	31594.79
HK Exc&Clr	178.00	9.30	189.00	112.80	1.81	49.35	26823.43
Hutchison	94.30	-4.60	113.50	92.35	2.22	26.95	51865.57
SandsCh	41.10	-5.80	68.00	38.70	3.84	17.74	42772.4
SHK Props	114.80	0.80	120.20	83.40	2.66	10.13	41808.45
Tencent	118.90	-6.20	134.90	89.60	0.20	41.92	143685.07
India (Rs)							
Bharti Airtel	367.80	-14.50	420.00	281.90	0.90	37.52	23765.34
HDFC Bk	942.75	-14.40	965.90	616.80	0.70	27.15	36558.72
Hind Unilevr	820.65	34.55	829.75	537.20	1.36	46.46	28688.53
HsngDevFin	1114.85	-45.80	1177.8	755.00	1.21	21.96	28271.99
ICICI Bk	359.80	-1394.60	366.05	188.72	2.46	18.41	6730.45
Infosys	2070.3	-2289.55	2201.1	1440	1.52	20.46	38243.75
ITC	391.35	28.20	392.00	308.45	1.30	36.41	50310.8
OilNatGas	365.30	-14.10	471.85	264.15	2.59	12.17	50518.37
RelianceIn	957.35	-34.25	1145.25	793.10	0.96	12.52	50048.66
SBI NewA	317.55	-3.85	326.95	145.51	0.91	15.27	38321.22
SunPhrmInds	821.55	-18.15	932.50	552.55	0.29	91.36	27504.48
Tata Cons	2578.95	-64.05	2839.7	1991	1.23	24.37	81652.98
Tata Motors	525.35	-8.15	550.70	332.10	0.36	9.04	21625.93
Wipro	578.85	-6.95	621.90	474.70	1.33	17.57	23076.49
Indonesia (Rp)							
Astra Int	7100	0.00	8050	6050	2.51	14.48	23371.56
Bk Cent Asia	13350	250.00	13575	9250	0.38	21.07	26495.38
Telekom Idn	2840	30.00	3010	1980	2.34	19.75	23276.74
Israel (ILS)							
TevaPha	229.00	226.80	227.20	135.60	2.06	18.48	54826.54
Italy (€)							
Enel	3.96	0.08	4.49	2.98	2.60	13.35	45767.36
ENI	15.50	-0.57	20.46	15.31	5.76	10.83	69268.55
Generali	17.38	-0.01	17.70	14.40	2.05	17.65	33273.64
IntSPaolo	2.52	0.04	2.66	1.63	1.57	-9.67	49143.32
Luxottica	44.60	1.60	44.62	34.74	1.15	37.14	26402.04
Tenaris	12.88	-0.42	18.29	12.77	1.82	12.49	18697.9
Unicred	5.91	-0.04	6.89	5.01	-	-2.73	42134.84
Japan (¥)							
AstellasPh	1719	21.50	1842	1062	4.16	39.03	31994.69
Bridgestne	4310	344.00	4322	3328	1.38	13.67	28863.58
Canon	3900	153.00	3931	2889	3.19	16.39	42842.14
CntJpRwy	17115	135.00	17960	10655	0.60	12.02	29038.34
Denso	5932	447.00	5966	4223	1.50	17.10	43193.15
EastJpRwy	8866	86.00	9065	7105	1.15	16.38	28843.8
Fanuc	21120	1245	21230	16105	0.96	25.01	41662.2
FastRetail	43240	615.00	45350	30950	0.91	53.87	37776.43
Fuji Heavy Ind	4531.5	372.00	4571	2380	1.10	15.11	29218.44
Hitachi	931.50	25.50	932.00	660.00	0.99	42.05	37082.48
HondaMtr	3738	225.50	4330	3239	1.95	10.21	55768.39
JapanTob	3632	-154.50	4193	2992	2.34	15.13	59827.86
KDDI	7605	83.00	7760	5000	1.68	15.27	56182.58
Keyence	56000	1880	58000	36095	0.20	32.01	28043.55
MitsbCp	2245	25.00	2356	1767	2.57	8.79	30573.82
MitsubEst	2617	-18.00	3160	2151.5	0.39	46.03	29968.86
MitsubishiEle	1499.5	98.50	1511.5	1083	0.39	25.68	26518.37
Mitsui	1636	-19.00	1820	1307	3.34	7.72	24207.04
MitsuiFud	3395	4.50	3830	2854.5	0.55	34.52	27722.17
MitUFJFin	696.90	26.60	698.00	519.00	2.20	8.90	81325.25
Mizuho Fin	205.80	4.10	240.00	178.10	2.89	11.76	41373.12
Murata Mfg	13495	675.00	13615	8192	0.82	25.46	25037.53
NipponTT	6275	-85.00	7120	5051	2.44	11.97	58747.07
Nissan Mt	1135	33.00	1135	824.00	2.35	10.24	42260.1
NpnStlSmMtl	319.70	11.50	356.00	243.30	1.33	11.44	25023.1
NTTDCMo	1852	18.00	1934.5	1515	2.75	17.02	66581.4
Panasonic	1595.5	82.50	1602	1030	0.74	66.77	32235.28
Seven & I	4400	7.00	4592.5	3611	1.42	20.11	32124.07
ShnEtsuCh	8494	646.00	8497	5267	1.00	28.92	30229.5
Softbank	7785	-149.00	9320	6655	0.44	12.85	76985.06
SumitomoF	4469	41.50	5470	3800	2.38	7.76	52048.05
Takeda Ph	5050	109.50	5170	4337.5	3.03	41.90	32848.12
TokioMarine	4092.5	300.50	4094	2834	1.61	12.52	25938.13
Toyota	7742	595.00	7796	5205	1.92	11.82	217947.82
Malaysia (RM)							
Maybank	8.89	-0.66	10.20	8.86	9.04	12.02	23437
Mexico (Mex$)							
AmerMvl	16.12	-0.28	17.64	12.39	1.37	17.00	78259.41
FEMSA UBD	128.50	-4.26	135.75	108.90	0.80	28.00	32176.73
GrupoMexico	44.47	-1.09	49.59	36.77	2.32	12.72	24226.84
WalMrtMex	29.93	0.18	35.75	27.71	0.89	19.32	36711.35
Netherlands (€)							
ArcelorMit	9.90	0.04	13.40	9.01	1.58	-16.70	20280.6
ASML Hld	88.90	3.97	88.96	57.51	0.58	28.97	47819.22
Heineken	63.21	-0.04	64.00	44.14	1.22	26.44	44772.11
ING	11.74	-0.04	11.95	8.93	-	12.90	55699.65
Philips	24.25	-0.01	28.31	20.69	-	33.03	27876.41
Unilever♦	33.49	0.74	34.05	26.97	3.07	18.35	124572.2
Norway (Kr)							
DNB	116.50	0.00	126.90	98.10	1.86	8.23	26571.69
Statoil	128.90	-3.60	195.80	126.50	5.85	8.43	57555.27
Telenor	154.20	6.10	158.20	123.90	4.85	32.88	32597.5
Qatar (QR)							
Inds Qatar	183.90	-7.10	202.90	164.00	5.79	18.00	30553.21
QatarNtBk	209.50	-19.50	237.00	160.00	3.24	14.59	40256.3
Russia (RUB)							
Gzprm neft	140.50	-2.36	154.21	114.00	-	1.65	62816.48
Lukoil	2391.1	99.40	2593.8	1715	-	6.30	38409.48
Magnit	11525	-270.00	12498	6565.3	1.54	18.66	20582.05
Novatek	440.20	-19.80	501.30	303.60	1.31	8.85	25242.33
Nrlsk Nckl	9851	1031	10035	4966	9.10	40.40	29440.53
Rosneft	221.95	-11.79	259.00	214.39	7.47	3.11	44424.28
SbankR	68.60	-3.65	102.92	65.33	-	2.91	27967.19
Surgnfgz	29.85	0.65	31.68	24.13	2.35	2.02	20140.17
Saudi Arabia (SR)							
AlRajhi Bk	61.25	0.50	79.50	57.25	1.58	14.97	26517.27
SaudiBasic	94.25	-3.75	136.50	85.50	5.65	11.54	75330.69
SaudiTelec	68.00	1.25	76.50	52.00	2.85	11.60	36233.34
Singapore (S$)							
DBS	19.68	-0.02	20.02	15.65	2.94	7.47	36898.01
Jard Str	35.40	-0.38	38.10	30.06	0.66	13.74	39651.63
JardnMt	61.70	-0.30	64.60	49.34	2.07	15.65	42620.43
OCBC	10.33	-0.16	10.53	9.05	3.33	9.70	31133.4
SingTel	3.90	0.00	4.08	3.42	4.30	17.14	47025.9
UOB	24.31	0.48	24.36	19.40	2.87	11.64	29442.29
South Africa (R)							
MTN Grp	220.55	2.38	263.44	190.01	3.88	15.54	35923.06
Naspers N	1469.81	35.85	1603.97	959.00	0.24	53.57	54073.7
Sasol	427.50	-34.45	652.99	405.01	4.12	9.22	24516.47
South Korea (KRW)							
HyundaiMot	188000	7500	254000	149000	0.82	4.64	37175.8
HyundMobis	255500	6500	323500	226000	0.67	10.66	21912.8
KoreaElePwr	46100	1600	50200	30400	0.17	10.00	25783.8
Naver	736000	-9000.00	880000	643000	0.08	51.43	19686.77
Posco	305000	4000	363500	268500	2.38	21.80	23871.79
SK Hynix	48350	500.00	52400	34400	-	10.38	31082.6
SmsungEl	1302000	38000	1495000	1078000	0.89	7.96	153070.94
Spain (€)							
BBVA	8.66	0.02	9.99	8.14	0.72	-59.80	65727.17
BcoSantdr	7.38	0.13	7.96	6.02	6.82	16.31	114205.45
CaixaBnk	4.59	0.15	5.00	3.45	0.85	49.61	31881.61
GasNatur	22.83	0.05	24.45	17.02	3.07	14.79	28093.28
Iberdrola♦	5.90	-0.04	5.97	4.37	2.61	17.74	45485.21
Inditex	23.58	0.17	24.20	19.29	1.35	31.04	90371.06
Repsol	18.31	0.26	21.07	15.82	4.12	19.13	28867.35
Telefonica	13.37	0.49	13.39	10.76	4.38	14.16	74823.49
Sweden (SKr)							
AtlasCpcoB	199.50	1.40	204.30	154.80	2.78	20.48	10296.56
Ericsson	94.00	0.10	95.15	75.05	3.22	22.11	37442.54
H & M	320.90	1.50	322.70	261.00	3.01	26.94	61995.94
Investor	284.10	4.00	284.30	203.50	1.99	4.14	17115.33
Nordea Bk	94.90	1.75	101.00	80.25	4.16	12.91	50741.31
SEB	100.30	1.80	100.40	77.10	4.02	12.34	28787.61
SvnskaHn	366.20	2.00	366.90	287.20	3.17	15.48	29628.6
Swedbank	195.30	-0.30	196.40	163.80	5.22	12.96	24599.64
TeliaSonera	53.15	-0.05	53.85	43.98	3.99	16.59	30439.72
Volvo	85.75	4.15	105.70	71.00	3.53	31.16	16454.63
Switzerland (SFr)							
ABB	21.28	-0.41	24.80	18.56	-	21.27	49529.56
CredSuisse	26.26	0.44	30.21	23.12	2.62	72.03	42995.81
Holcim	74.35	3.00	86.05	59.50	1.76	20.27	24757.77
Nestle	72.50	-0.05	73.30	62.95	1.94	24.21	236520.42
Novartis	93.80	0.30	94.25	67.45	2.76	24.25	232077.53
Richemont	91.75	0.90	94.75	72.65	0.10	24.41	48985.88
Roche	294.60	5.20	295.80	231.20	2.66	23.50	211695.79
SwatchGpl	471.70	-5.80	597.00	417.10	1.04	14.03	14879.03
Swiss Re	83.95	1.35	86.55	69.25	4.88	7.58	29382.41
Swisscom	585.00	-1.50	587.50	447.60	2.41	17.50	30995.33
Syngent	314.20	-4.10	364.40	273.20	2.09	19.99	29927.62
UBS	17.15	0.58	19.10	13.95	1.42	19.12	68469.12
Zurich Fin	307.20	4.40	307.80	240.00	5.87	11.81	47002.47
Taiwan (NT$)							
ChnghwTl	92.80	0.20	99.00	86.20	4.80	17.65	23140.93
HonHaiPrc	93.20	-3.90	113.00	73.50	1.70	12.06	44319.86
MediaTek	458.00	-7.00	545.00	384.00	2.58	15.62	23135.83
TaiwanPet	68.30	-2.00	85.30	66.70	2.88	22.97	20914.34
TaiwanSem	137.50	-2.50	142.00	94.90	1.72	16.14	114607.25
Thailand (THB)							
PTT Explor	373.00	-17.00	398.00	259.00	1.91	10.98	32390.35
United Arab Emirates (Dhs)							
EmiratesTele	11.50	0.10	12.60	11.10	5.90	11.44	24753.41
United Kingdom (p)							
AngloAmer	1268	-53.50	1678.5	1221	3.90	278.19	27613.06
AscBrFd	3284	81.00	3293	2237	0.99	34.05	40538.53
AstraZen	4739.5	-40.50	5750	3367.07	3.68	94.16	93323.12
Aviva	506.00	-2.00	571.50	411.18	2.96	12.91	23257.5
BAE Sys	481.70	0.60	486.60	374.10	4.17	83.22	23689.58
Barclays♦	249.45	4.30	298.13	201.75	2.61	3.38	63874.4
BG	907.50	7.30	1420	862.68	2.04	17.29	48266.07
BP♦	424.50	4.30	526.80	405.35	5.62	13.88	120723.49
BrAmTob	3744.5	-50.00	3806.5	2871	3.80	19.55	111997.52
BSkyB	850.50	-34.50	954.00	782.50	3.64	10.60	23005.52
BT	420.00	9.80	451.00	350.30	2.36	17.13	53332.58
Centrica	286.00	1.40	349.80	280.50	5.94	22.05	22390.94
Compass	1104	14.00	1115.63	924.41	2.31	42.14	28707.94
Diageo	1971	-10.00	2043.5	950.00	2.49	21.29	77253.15
GlaxoSmh♦	1470.5	-14.50	1709	1200.67	5.44	17.17	111194.46
Glencore	316.50	-3.90	379.45	295.80	3.05	19.19	64982.58
HSBC♦	643.10	6.10	737.00	436.10	4.66	12.49	192439.41
ImpTob	2878	-82.00	2973	2156	4.04	40.22	42949.92
LlydsBkg	80.89	0.54	86.87	70.02	-	245.87	90023.31
Natl Grid♦	930.00	0.00	965.00	742.50	4.52	16.29	54593.02
Prudential	1550.5	2.50	1573.5	1192	2.17	18.60	62046.89
RBS	403.50	8.20	403.90	291.60	-	-7.10	39736.49
ReckittB	5255	0.00	5540	3235.75	2.61	20.30	58875.26
Reed Els	1108	-5.00	1123	851.53	2.22	23.94	36087.66
RioTinto	2898	-94.50	3680.56	2814.5	3.92	14.89	63888.27
RollsRoyce♦	900.00	57.50	1294	777.00	2.44	7.45	26472.3
RylDShlA	2149	16.50	2864	1992.64	5.46	13.68	131018.44
SABMill	3422	-142.00	3857	2650.21	1.89	24.68	86085.55
Shire	4602	45.00	5470	2620	0.28	24.02	42305.68
SSE	1679	39.00	1858	1296.72	5.16	81.26	25525.53
StandCh	973.00	35.90	1434	898.20	5.06	9.57	37487.93
Tesco♦	189.60	3.15	341.58	164.00	7.78	17.96	24014.48
Vodafone♦	230.60	-3.35	442.06	179.10	6.05	63.53	95276.15
WPP	1367	27.00	1565	1091	2.50	18.18	28082.86
United States of America ($)							
3M♦	162.27	2.18	162.92	123.61	1.90	23.15	103985.67
AbbottLb	45.30	0.79	45.95	35.65	1.70	36.81	68212.31
Abbvie	69.71	0.51	70.17	45.50	2.26	31.42	111066.53
Accenture	86.19	-0.14	87.08	73.79	2.03	21.61	67974.92
Ace	116.07	1.73	116.92	92.00	2.12	12.50	38504.78
Actavis	266.06	-4.55	272.75	156.40	-	-52.05	70522.16
Adobe	72.40	-1.28	74.69	53.93	-	160.16	36108.69
AEP♦	57.76	0.21	59.84	45.24	3.33	16.39	28258.53
Aetna	90.62	3.38	90.67	64.68	0.93	15.71	31871.05
Aflac	59.51	-0.22	67.62	54.99	2.39	9.70	26814.41
AirProd	146.73	2.90	147.53	102.73	1.98	33.24	31357.79
Alexion	198.61	3.71	203.30	120.87	-	86.02	39381.76
Allergan♦	213.35	-0.54	214.66	95.34	0.09	51.69	63556.67
Allstate♦	68.68	0.53	68.98	49.18	1.53	11.54	28806.68
Altria	51.07	0.81	51.25	33.80	3.69	24.36	100938.33
Amazon	312.63	-26.01	408.06	284.00	-	-696.56	144749.71
AmerAir	51.01	2.48	51.75	23.45	0.19	96.50	36587.61
AmerExpr	92.65	0.23	96.24	78.41	1.02	17.79	95862.78
AmerIntGrp♦	55.33	0.53	56.56	46.80	0.83	9.51	77457.15
Ameriprise	135.15	3.38	135.48	100.94	1.57	18.62	24939.51
AmerTower	100.54	-4.47	105.20	75.65	1.25	57.02	39860.38
Amgen	169.24	3.93	169.49	108.20	1.31	27.69	128735.79
Anadarko	79.07	-0.08	113.51	73.60	1.09	-19.51	40045.03
Aon Cp	95.10	2.61	95.81	76.49	0.86	23.25	27116.5
Apache	61.64	-2.45	104.57	60.12	1.40	-277.53	23206.36
AppldMat♦	25.04	0.99	25.09	16.40	1.48	33.33	30508.59
Apple	115.00	-3.93	119.75	70.51	1.52	18.53	674456.6
ArcherDan♦	53.25	0.57	53.91	37.92	1.64	19.00	34373.98
AT&T	33.94	-1.44	37.48	31.74	5.21	10.80	176046.78
AutomData	85.82	0.18	86.54	70.50	2.15	28.03	41370.89
BakerHu	57.02	0.02	75.64	47.51	1.05	20.05	24666.79
BankAm♦	17.68	0.64	18.03	14.37	0.44	46.84	185920.45
Baxter♦	74.22	1.22	77.31	65.53	2.62	23.07	40225.62
BB & T	38.78	1.19	41.04	34.36	2.33	14.74	27933.17
BerkshHat	225640	2575	225981	163038.88	-	18.62	193250.05
Biogen	340.87	33.18	358.89	270.27	-	33.55	80498.29
BkNYMeln	41.11	1.08	41.51	30.82	1.50	17.39	46277.93
BlackRock♦	364.40	5.32	364.96	284.78	1.97	19.60	60203.98
Boeing	132.21	-2.15	144.57	116.32	1.95	19.69	94256.54
BrisMySq	60.65	1.60	60.87	46.30	2.28	38.73	100604.79
CapOne	82.94	-0.26	85.39	67.86	1.39	11.61	46555.78
CardinalHlth	82.23	0.04	82.57	62.55	1.51	27.01	27214.97
Carnival♦	44.62	0.46	44.74	33.11	2.10	26.33	26442.82
Caterpillar	98.78	-1.82	111.46	83.70	2.43	16.60	59801.3
CBS	55.09	0.21	68.10	48.83	0.89	22.18	26466.57
Celgene	114.13	0.44	116.65	66.85	-	62.44	91156.11
Centurylink	39.68	-1.09	45.67	27.93	5.24	28.79	22645.59
CharlesSch	29.97	1.65	31.00	23.35	0.77	33.26	39133.89
ChevrnTx♦	110.87	2.00	135.10	106.65	3.59	10.62	209591.35
Cigna	104.71	1.82	105.07	73.47	0.04	14.80	27389.9
Cisco	27.50	-0.14	27.99	20.22	2.62	19.14	140623.67
Citigroup	56.08	2.11	56.49	45.18	0.07	19.58	169893.7
CME Grp	88.74	4.10	88.88	66.44	2.02	30.56	29798.09
CntnentlRes	38.23	-2.75	80.91	37.43	-	14.78	14229.73
Coca-Cola♦	43.53	-1.30	44.87	36.89	2.64	25.12	190666.31
Cognizant	53.16	-0.84	54.73	41.51	-	24.15	32367.02
ColgtPlm	69.37	-0.22	70.11	59.75	1.94	31.63	63223.7
Comcast	56.34	-0.70	57.49	47.74	1.49	18.45	121107.14
ConocPhil	67.85	1.78	87.09	62.74	3.97	12.09	83517.44
Corning♦	21.34	0.32	22.37	16.55	1.80	17.33	27354.64
Costco	143.25	1.13	143.49	109.50	0.87	32.80	62709.42
Covidien	103.68	2.68	103.83	65.49	1.52	29.53	46944.64
CrownCstl	79.27	-3.82	84.97	68.44	1.27	155.83	26464.91
CSX♦	36.95	0.46	37.99	25.84	1.61	20.77	36779.93
Cummins	150.86	5.24	161.03	122.64	1.69	17.63	27560.89
CVS	90.70	-0.66	91.42	64.95	1.11	24.39	103976.98
Danaher	84.88	1.32	84.99	70.12	0.37	23.15	59644.46
Deere	89.73	3.11	94.89	78.88	2.19	10.92	32161.07
Delta	47.28	0.61	47.63	26.40	0.55	4.25	39570.59
DevonEngy	59.90	0.93	80.63	53.34	1.48	11.46	24505.09
DirectTV	85.02	-2.69	89.46	64.79	-	16.30	42700.16
DiscFinServ	64.85	-0.70	66.75	51.63	1.31	12.82	29408.16
Disney	93.76	1.25	93.98	68.80	0.88	22.86	158989.85
DominRes♦	72.15	-0.40	74.59	63.00	3.15	29.21	42039.49
DowChem	50.16	1.49	54.97	38.42	2.74	17.40	59116.6
DukeEner♦	80.73	-0.17	83.90	67.05	3.74	19.03	57099.57
DuPont♦	73.07	1.67	73.53	59.35	2.40	22.54	66197.55
Eaton	69.41	1.58	79.98	57.11	2.62	20.41	32941.99
eBay	54.81	-0.07	59.70	46.34	-	-568.24	68094.15
Ecolab	109.04	0.09	118.46	97.65	0.97	30.09	32724.7
EMC	30.33	-0.02	30.66	23.15	1.36	25.28	61718.77
Emerson♦	64.88	1.13	70.66	57.76	2.55	22.12	45003.03
EOG Res	90.75	4.03	118.89	78.01	0.46	16.95	49731.85
Exelon♦	35.59	-0.58	37.90	26.45	3.35	15.20	30588.35
ExpScripts	84.58	1.43	84.74	64.64	-	35.14	62074.11
ExxonMb♦	93.82	3.28	104.76	86.91	2.71	12.27	397283.48
Facebook	76.36	-1.34	81.16	47.71	-	75.12	169819.77
Fedex	182.03	3.85	182.42	128.17	0.26	26.49	51559.34
FordMtr	15.70	-0.03	18.12	13.26	2.91	10.76	60424.39
Franklin	58.30	1.44	58.87	49.12	0.79	15.99	36284.26
FreeportMc	26.01	-0.84	39.32	25.45	4.62	12.55	27027.46
GenDyn	145.15	-0.21	145.92	89.10	1.56	20.40	48101.22
GenElectric	26.01	-0.48	28.09	23.69	3.25	18.22	261197.41
GenMills	53.12	0.37	55.64	46.70	2.79	21.10	32071.08
GenMotors	33.93	0.50	41.85	28.82	2.55	22.82	54515.21
GileadSci	104.59	4.27	116.83	63.50	-	19.36	157791.2
GoldmSchs♦	195.45	7.04	196.93	151.65	1.08	11.75	85127.37
Google	528.08	-21.00	614.44	511.00	-	29.17	150405.73
Halliburton♦	40.37	-1.83	74.33	40.02	1.43	10.82	34211.97
HCA Hold	74.00	4.31	74.74	45.07	-	19.71	32083.72
Hess	75.72	2.79	104.50	71.20	1.27	9.73	22637.9
Hew-Pack	39.55	0.49	39.65	26.29	1.39	16.14	73811.19
HiltonWwde	26.42	0.20	26.46	20.55	-	49.34	26013.59
HomeDep♦	99.64	0.24	99.68	73.96	1.76	23.34	131308.32
Honywell♦	99.69	0.62	100.16	82.89	1.74	19.50	78038.36
IBM♦	163.27	1.10	199.21	159.80	2.42	10.90	161581.87
IllinoisTool	96.69	1.76	97.17	76.25	1.74	22.86	37799.37
Intel	37.67	0.42	37.90	23.50	2.30	18.71	182134.45
Intuit	93.68	-0.19	95.42	69.02	0.85	33.48	26745.3
John&John♦	108.51	0.26	109.49	86.09	2.41	18.70	303731.47
JohnsonCn	49.60	-0.40	52.50	38.60	1.71	24.32	33042.97
JPMrgnCh	62.70	2.54	63.06	52.97	2.39	12.08	234384.43
Kimb-Clark♦	114.04	-2.55	116.72	98.27	2.81	21.00	42474.79
KinderM	41.12	-0.23	42.49	30.81	3.91	35.51	42280.8
Kraft	60.27	0.10	61.10	50.54	3.35	15.84	35488.41
Kroger	60.98	1.14	61.33	35.13	0.98	21.46	29946.72
LasVegasSd	59.22	-4.47	88.28	57.65	3.00	18.57	47494.33
LibertyGbl	49.28	-2.72	90.93	37.98	-	-37.42	10602.85
Lilly (E)♦	71.85	3.73	72.44	48.88	2.62	29.90	79999.93
Lockheed♦	189.87	-1.69	192.94	136.01	2.69	19.99	59984.71
Lowes	64.86	1.03	64.88	44.13	1.23	26.26	63102.86
Lyondell♦	80.77	1.91	115.40	74.37	3.10	9.87	40438.95
Marathon Ptl♦	92.15	2.06	97.94	74.64	1.84	11.90	25819.76
MarathonOil♦	29.23	0.31	41.92	28.22	2.57	11.24	19727.24
Marsh&M	58.23	1.64	58.56	44.25	1.70	22.73	31496.56
MasterCard	89.08	1.79	89.87	68.68	0.48	31.77	99138.94
McDonald's♦	96.31	-0.50	103.78	89.34	3.24	19.66	94569.61
McGraw Hill♦	93.71	0.25	93.94	71.16	1.21	29.59	25442.27
McKesson♦	212.63	1.87	212.90	156.00	0.43	36.82	49305.02
Medtronic	75.04	1.17	75.10	53.33	1.52	26.61	73863.11
Merck	61.49	1.09	61.77	47.61	2.75	34.99	175300.2
Metlife♦	56.35	0.74	57.57	46.15	2.13	11.98	64015.97
MicronTech	36.49	0.54	36.50	20.64	-	15.29	39170.38
Microsoft	48.42	0.61	50.05	34.63	2.22	19.74	399118.93
MondelezInt	38.50	-0.70	39.54	31.83	1.42	37.39	64677.04
Monsanto	120.86	0.95	128.79	104.08	1.34	24.80	58505.1
MorganStly	37.24	2.06	37.74	28.31	0.77	15.41	72893.7
Netflix	350.92	4.33	489.29	299.50	-	96.90	21087.14
News Corp A	37.81	1.01	37.95	30.67	0.64	21.69	52333.65
NextEraE♦	102.93	-1.46	105.94	81.52	2.65	24.03	44927.12
Nike	99.33	0.04	99.50	69.85	0.91	33.09	67936.81
NobleEngy	50.59	1.41	79.63	47.75	1.22	20.63	18306.33
NorfolkS♦	107.07	-4.57	117.64	86.90	1.95	17.38	33131.94
Northrop♦	147.69	6.76	148.77	107.21	1.71	16.34	29833.27
NtlOilVarc♦	66.89	-0.15	86.55	65.00	2.07	11.36	28801.08
OccidPet	81.48	1.71	101.38	76.36	3.31	11.77	63181.88
Oracle	41.93	-0.48	43.19	33.22	1.07	18.65	185804.58
Pepsico♦	97.76	-2.34	100.57	77.01	2.41	22.48	146308.2
Pfizer	31.99	0.84	32.96	27.51	3.07	20.55	201558.03
Phillips66	73.02	0.00	87.98	66.12	2.34	11.90	40417.55
PhilMorris	87.14	0.21	91.63	75.28	4.22	18.17	135390.74
PionrNat	143.00	-0.23	234.60	140.11	0.05	-83.26	20470.15
PNCFin	90.18	2.71	90.43	73.92	1.96	12.65	47453.6
PPG Inds♦	222.85	4.03	225.45	171.56	1.10	23.05	30582.83
Praxair♦	129.53	1.15	135.24	117.32	1.89	21.42	37741.49
Prec Cast♦	242.70	4.80	275.09	215.09	0.05	19.67	34592.69
Priceline	1135.97	-24.22	1378.96	1017.28	-	26.67	59474.87
ProctGmbl	90.38	-0.05	91.17	75.26	2.65	26.48	244217.49
Prudntl♦	88.34	3.36	94.30	75.89	2.31	18.04	40283.04
PublStor	184.56	-3.07	188.36	147.14	2.92	38.25	31878.25
Qualcomm♦	73.37	0.47	81.97	67.67	2.02	17.34	121985.03
Raytheon	107.62	0.92	110.00	85.30	2.11	17.03	33186.56
Regen Pharm	423.23	7.12	427.78	257.69	-	143.99	42192.61
ReynoldsAm	66.90	0.99	67.19	46.55	3.80	23.51	35542.87
Salesforce	58.85	-1.02	67.00	48.18	-	-118.76	36075.05
Schlmbrg♦	87.16	1.21	118.76	82.66	1.67	17.04	112156.96
SempraEgy	110.15	-1.58	114.50	86.00	2.28	25.03	27085.19
SimonProp	180.83	0.03	184.03	148.20	2.69	39.24	56197.28
SouthCpr	30.25	0.30	33.90	24.60	1.46	18.85	24749.56
Southern♦	47.54	0.11	48.31	40.03	4.18	21.13	42777.1
Southwest Air	41.12	-0.70	42.52	17.90	0.47	25.87	27909.97
SpectraEn♦	37.13	-0.75	43.12	32.80	3.39	25.88	24914.24
Sprint	4.85	-0.27	11.47	4.64	-	-9.62	19186.51
Starbucks	83.57	2.36	83.92	67.93	1.20	32.06	62535.43
StateSt	79.28	2.55	79.64	62.67	1.36	17.62	33099.03
Stryker	94.62	1.71	95.01	71.22	1.24	58.74	35796.69
Target♦	73.66	-0.34	73.83	54.66	2.39	31.67	46918.8
TeslaMotors	223.71	-20.81	291.42	134.21	-	-142.15	28049.16
TexasInstr	55.58	1.16	55.78	40.33	2.08	25.10	58709.15
TheTrvelers	105.20	0.75	105.91	79.89	1.92	10.53	34862.89
ThrmoFshr	128.54	-0.75	129.69	99.75	0.45	32.21	51419.27
TimeWrnr♦	84.26	-0.86	88.13	60.72	1.42	18.30	70650.85
TimeWrnrC♦	147.53	-1.75	155.32	128.78	1.89	21.54	41381.35
TJX Cos	65.58	-0.58	66.37	51.91	0.95	22.22	45178.08
T-Mobile US	28.19	-1.00	35.50	24.50	-	186.75	22759.21
Twitter	38.49	-3.25	74.73	29.51	-	-22.36	24422.35
UnionPac♦	118.61	1.84	123.61	80.02	1.46	22.77	105456.07
UPS B	110.98	1.06	111.32	93.19	2.28	28.62	77946.18
USBancorp	45.13	0.93	45.21	38.10	2.02	15.40	80755.01
UtdHlthcre♦	100.33	1.70	101.33	69.57	1.26	18.77	96295.84
UtdTech♦	111.29	1.21	120.66	97.30	2.04	17.07	101458.45
ValeroEngy♦	49.78	1.17	59.69	42.53	1.93	7.24	25947.58
Verizon	48.61	-1.98	53.66	45.45	4.23	10.92	201718.07
Vertex Pharm	117.95	0.07	121.88	59.79	-	-54.69	28369.55
VF Cp♦	73.68	-1.49	74.72	55.14	1.37	26.20	31820.35
Viacom	76.90	1.27	89.76	65.86	1.58	14.72	27652.58
Visa Inc	263.35	5.16	263.49	194.84	0.58	31.77	129884.74
Walgreen♦	68.60	-0.01	76.39	54.86	1.76	36.50	65196.54
WalMartSto♦	84.12	-3.42	87.07	72.27	2.21	18.15	271134.73
Wellpoint♦	128.71	1.56	129.96	81.84	1.27	16.42	34744.16
WellsFargo	55.03	0.55	55.35	43.21	2.27	14.02	285474.98
Williams Cos	50.04	-1.71	59.77	33.98	3.40	19.33	37403.03
Yahoo	50.99	-0.75	52.62	32.15	-	7.04	48305.45
Yum!Brnds	78.30	1.05	83.58	65.81	1.82	25.40	34424.52

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
TevaPha	229.00	225.80	3.20	1.42	226.80	10290.2	4.90
Citic Secs	28.15	26.65	1.50	5.63	5.50	24.3	46.16
IndstrlBk	13.60	13.29	0.31	2.33	2.42	21.6	27.70
ShgPdgBk	13.53	13.27	0.26	1.96	2.05	17.9	34.36
BkofComm	6.97	6.92	0.05	0.72	0.93	15.4	19.97
Enbridge	60.04	60.04	0.00	0.00	7.54	14.4	12.34
PingAnIns	73.00	73.10	-0.10	-0.14	8.80	13.7	16.43
ChMinsheng	9.24	9.17	0.07	0.76	1.11	13.7	20.31
ChinaMBank	17.28	17.00	0.28	1.65	1.88	12.2	19.01
Nrlsk Nckl	9851.00	9835.00	16.00	0.16	1031.00	11.7	23.20
ChinaCitic	5.91	5.83	0.08	1.37	0.61	11.5	17.26
Biogen	340.87	341.18	-0.31	-0.09	33.18	10.8	6.67
SaicMotor	21.58	21.30	0.28	1.31	1.98	10.1	22.82
Kweichow	170.92	174.13	-3.21	-1.84	14.24	9.1	12.90
Fuji Heavy Ind	4531.50	4527.50	4.00	0.09	372.00	8.9	12.74
ChinaPcIns	35.40	35.45	-0.05	-0.14	2.90	8.9	22.70
Bridgestne	4310.00	4264.50	45.50	1.07	344.00	8.7	14.17
Toyota	7742.00	7730.00	12.00	0.16	595.00	8.3	13.85
Citic Ltd	14.20	13.92	0.28	2.01	1.08	8.2	4.57
ShnEtsuCh	8494.00	8244.00	250.00	3.03	646.00	8.2	17.92

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
ICICI Bk	359.80	362.20	-2.40	-0.66	-1394.60	-79.5	-78.14
Infosys	2070.30	2101.80	-31.50	-1.50	-2289.55	-52.5	1.34
SandsCh	41.10	40.70	0.40	0.98	-5.80	-12.4	-12.18
Galaxy Enter	48.05	47.15	0.90	1.91	-5.55	-10.4	-8.30
BncBrasil	26.64	26.64	0.00	0.00	-3.06	-10.3	2.80
CNOOC	10.78	10.98	-0.20	-1.82	-1.22	-10.2	-10.32
SntnderBras	7.30	7.30	0.00	0.00	-0.70	-8.8	2.04
QatarNtBk	209.50	209.00	0.50	0.24	-19.50	-8.5	-8.52
TeslaMotors	223.71	228.28	-4.57	-2.00	-20.81	-8.5	-3.14
Twitter	38.49	38.79	-0.30	-0.77	-3.25	-7.8	-4.86
Amazon	312.63	316.93	-4.30	-1.36	-26.01	-7.7	5.43
Sasol	427.50	433.50	-6.00	-1.38	-34.45	-7.5	-19.20
WoodsdPet	35.71	36.45	-0.74	-2.03	-2.76	-7.2	-11.65
LasVegasSd	59.22	59.01	0.21	0.36	-4.47	-7.0	1.57
Vale	21.67	21.67	0.00	0.00	-1.62	-7.0	-9.50
Maybank	8.89	8.89	0.00	0.00	-0.66	-6.9	-8.35
Bradesco	35.61	35.61	0.00	0.00	-2.64	-6.9	0.71
CntnentlRes	38.23	38.86	-0.63	-1.62	-2.75	-6.7	-28.61
Itausa	9.76	9.76	0.00	0.00	-0.69	-6.6	1.59
Ambev	15.71	15.71	0.00	0.00	-1.05	-6.3	-2.45

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Dec 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
MGM Resorts Intl	01/17	7.63	B+	B3	BB	108.40	3.47	0.01	0.45	2.82
High Yield Euro										
Kazkommerts Intl BV	02/17	6.88	B	Caa1	B	93.55	-	0.00	0.00	-
Emerging US$										
Mexico	03/15	6.63	BBB+	A3	BBB+	101.11	1.80	0.19	0.67	1.16
Peru	05/16	8.38	BBB+	A3	BBB+	121.00	1.23	0.00	0.00	0.59
Brazil	01/17	6.00	BBB-	Baa2	BBB	108.61	1.78	-0.02	-0.07	1.14
Brazil	01/18	8.00	BBB-	Baa2	BBB	109.75	4.55	0.18	0.15	2.86
Peru	03/19	7.13	BBB+	A3	BBB+	120.20	2.20	-0.04	-0.07	0.51
Poland	07/19	6.38	A-	A2	A-	118.27	2.19	-0.02	0.00	0.50
Turkey	11/19	7.50	-	Baa3	BBB-	125.38	3.47	0.00	0.00	1.78
Colombia	02/20	11.75	BBB	Baa2	BBB	142.25	2.96	0.00	-0.06	1.28
Turkey	03/23	3.25	-	Baa3	BBB-	84.48	5.62	0.12	-0.06	3.30
Emerging Euro										
Brazil	02/15	7.38	BBB-	Baa2	BBB	111.75	0.73	0.00	0.00	0.08
Mexico	07/17	4.25	BBB+	A3	BBB+	111.13	1.50	0.00	0.00	0.85
Mexico	02/20	5.50	BBB+	-	BBB+	111.19	3.13	0.02	0.02	1.44
Bulgaria	09/25	5.75	BBB-	-	BBB-	123.14	3.20	0.00	-0.23	0.88

Data provided by SIX Financial Information & Tullett Prebon Information. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

Dec 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
JPMorgan Chase & Co.	05/25	5.50	A-	Baa1	A	101.69	5.39	0.00	-0.24	3.08
Duke Energy Ohio, Inc.	06/25	6.90	BBB+	Baa1	A-	119.47	4.59	0.22	0.01	2.28
Citigroup Funding Inc.	09/25	4.25	A-	Baa2	A	100.65	6.14	0.00	-0.14	3.82
Wachovia Corporation	10/25	6.61	A	A3	A+	120.85	4.23	-0.04	0.23	1.91
Ryder System, Inc.	12/25	6.95	BBB	Baa1	A-	123.33	4.31	0.22	0.04	1.99
Bear Stearns Cos, LLC	03/26	6.00	A	A3	A+	101.41	5.91	0.00	0.05	-
Euro										
Standard Chartered PLC	10/25	4.00	BBB	A3	A+	105.29	3.47	0.02	0.09	1.16
Anheuser Busch InBev NV/SA	03/26	2.70	A	A2	A	105.05	2.19	-0.02	0.19	-
BP Capital Markets	09/26	2.21	A	A2	A	101.94	2.03	0.02	-0.02	-
Philip Morris Intl, Inc.	05/29	2.88	A	A2	A	109.80	2.08	0.02	-0.10	-
Yen										
Wal-Mart Stores, Inc.	07/15	0.94	AA	Aa2	AA	100.41	0.29	0.00	-0.05	-0.35
£ Sterling										
Southern Water Services (Fin) Limited	03/26	6.64	A-	Baa1	A-	130.11	3.39	0.00	-0.26	-
IPIC GMTN Limited	03/26	6.88	AA	Aa2	AA	129.34	3.65	0.01	-0.15	-

Data provided by SIX Financial Information. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

INTEREST RATES: OFFICIAL

Dec 05	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	0.00-0.08	16-12-2008	0.08	0.00-0.25	0.00-0.25
US	Prime	3.25	16-12-2008	3.25	3.25	3.25
US	Discount	0.75	18-02-2010	0.75	0.75	0.75
Euro	Repo	0.05	05-05-2014	0.15	0.05	0.5
UK	Repo	0.50	05-03-2009	0.50	0.50	0.50
Japan	O'night Call	0.00-0.03	05-10-2010	0.03	0.00-0.10	0.00-0.10
Switzeland	Libor Target	0.00-0.25	03-08-2011	0.00-0.75	0.00-0.25	0.00-0.25

INTEREST RATES: MARKET

Dec 05 (Libor: Dec 04)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	0.11100	0.002	0.009	0.000	0.15720	0.23535	0.32990	0.57500
Euro Libor	-0.06500	-0.004	-0.055	0.000	0.01143	0.05643	0.14714	0.29786
£ Libor	0.46688	-0.001	-0.003	-0.001	0.50413	0.55275	0.67625	0.97338
Swiss Fr Libor				-0.005	-0.00800	0.00100	0.05140	0.15140
Yen Libor				0.000	0.07500	0.10929	0.14514	0.27043
Euro Euribor				0.000	0.02200	0.08200	0.17700	0.32800
Sterling CDs				0.000	0.50500	0.57500	0.72500	
US$ CDs				0.000	0.15000	0.19000	0.26000	
Euro CDs				0.000	-0.06500	0.02500	0.12500	
LA 7Day Notice	0.45%-0.40%							

Dec 05	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.15	0.00	-0.13	0.02	-0.13	0.02	-0.05	0.10	0.05	0.20	0.21	0.36
Sterling	0.40	0.55	0.40	0.55	-	-	-	-	-	-	-	-
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	0.08	0.18	0.08	0.18	0.10	0.20	0.15	0.25	0.23	0.33	0.48	0.58
Japanese Yen	-0.05	0.05	-0.05	0.05	-0.50	-0.20	-0.20	0.00	-0.15	0.15	-0.10	0.20

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA. LA 7 days notice: Tradition (UK)."

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change
Crude Oil†	Dec	65.67	-1.09
Brent Crude Oil‡		68.79	-0.67
RBOB Gasoline†	Dec	1.77	-0.03
Heating Oil†	Dec	2.12	-0.01
Natural Gas†	Dec	3.80	0.14
Ethanol♦	Jan	1.73	-0.03
Uranium	Dec	38.25	0.00
Carbon Emissions		-	-
Diesel	Dec	-	-
Unleaded	Jan	-	-
Base Metals (♠ LME 3 Months)			
Aluminium		1980.75	-15.50
Alluminum Alloy		2010.00	-20.00
Copper		6440.00	-30.50
Lead		2030.25	-7.75
Nickel		16734.00	-381.00
Tin		20210.00	-235.00
Zinc		2234.25	-0.75
Precious Metals (PM London Fix)			
Gold		1194.00	-15.00
Silver (US cents)		1633.00	-9.00
Platinum		1231.00	-8.00
Palladium		806.00	8.00
Bulk Commodities			
Iron Ore (Platts)		71.25	-0.25
Iron Ore (The Steel Index)		70.90	-0.20
GlobalCOAL RB Index		65.70	0.20
Baltic Dry Index		982.00	-37.00

Agricultural & Cattle Futures		Price*	Change
Corn♦	Mar	396.00	20.50
Wheat♦	Mar	593.50	-6.50
Soybeans♦	Jan	1038.25	27.50
Soybeans meal♦	Jan	367.40	-18.60
Cocoa (ICE Liffe)✠	Mar	1931.00	26.00
Cocoa (ICE US)♥	Mar	2928.00	30.00
Coffee(Robusta)✠	Jan	2038.00	-10.00
Coffee (Arabica)♥	Dec	178.95	-1.80
White Sugar✠		428.20	-
Sugar 11♥		15.14	-0.05
Cotton♥	Mar	59.65	-0.83
Orange Juice♥	Jan	146.05	0.05
Palm Oil♣	Jan	628.00	-0.25
Live Cattle♣	Dec	164.03	-2.40
Feeder Cattle♣	Jan	234.85	-1.10
Lean Hogs♣	Feb	85.48	-2.30

	Dec 04	% Chg Month	% Chg Year
S&P GSCI Spt	475.83	-7.76	-
DJ UBS Spot	112.20	-4.50	-
R/J CRB TR	252.95	-5.66	-9.20
Rogers RICIX TR	3006.67	-	-
M Lynch MLCX Ex. Rtn	350.84	-7.47	-21.71
UBS Bberg CMCI TR	17.58	-5.59	-13.82
LEBA EUA Carbon	6.65	-6.34	15.85
LEBA CER Carbon	0.04	-55.56	-66.67
LEBA UK Power	1760.00	-39.81	3.83

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ✠ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	180.73	0.19	-0.05	5.67	-0.32	4.90
Corporates(£)	289.69	0.30	2.27	10.79	2.01	9.87
Corporates($)	250.59	0.19	0.37	6.98	0.37	6.98
Corporates(€)	211.82	0.03	0.52	7.78	0.72	7.40
Eurozone Sov(€)	219.08	0.32	1.26	11.72	1.72	11.09
Gilts(£)	280.34	0.44	3.22	12.54	2.77	11.14
Global Inflation-Lkd	254.03	0.47	1.17	5.32	0.58	4.64
Markit iBoxx £ Non-Gilts	289.84	0.30	2.27	10.80	1.99	9.78
Overall ($)	223.62	0.14	0.56	5.90	0.56	5.90
Overall(£)	280.56	0.40	2.92	11.99	2.52	10.71
Overall(€)	216.59	0.22	0.97	10.12	1.32	9.53
Treasuries ($)	214.01	0.12	0.69	5.59	0.69	5.59
FTSE						
Sterling Corporate (£)	112.64	-0.15	-	-	1.37	5.17
Euro Corporate (€)	109.31	-0.08	-	-	0.03	5.33
Euro Emerging Mkts (€)	978.12	-2.88	-	-	2.56	-1.36
Eurozone Govt Bond	113.63	0.11	-	-	1.31	9.02

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	320.62	2.52	-44.44	-0.44	419.37	312.46
Europe 5Y	58.08	1.48	-8.45	-0.01	80.45	56.15
Japan 5Y	61.65	-0.25	0.42	-2.38	79.33	58.50
Markit CDX						
Emerging Markets 5Y	291.38	-2.12	34.24	21.54	293.50	238.47
Nth Amer High Yld 5Y	332.42	-5.76	-11.17	4.36	398.34	328.06
Nth Amer Inv Grade 5Y	61.48	-0.73	-3.45	1.16	73.81	60.32
Nth AmerHiVol 5Y	0.00	0.00	0.00	0.00	181.74	100.00

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

BONDS: INDEX-LINKED

	Price Apr 12	Yield Apr 12	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	129.66	0.005	0.033	-0.45	5.18	67246.09	7
Fr 2.25%' 20	115.54	-0.464	-0.460	-0.21	19.98	205566.13	14
Swe 0.25%' 22	104.79	-0.269	-0.318	-1.05	28.26	245373.08	6
UK 2.5%' 16	331.59	-1.558	-1.521	0.00	7.90	473415.06	24
UK 2.5%' 24	348.00	-0.879	-0.848	0.10	6.82	473415.06	24
UK 2%' 35	231.49	-0.701	-0.680	0.42	9.08	473415.06	24
US 0.625%' 21	102.41	0.258	0.274	-0.61	35.84	1067665.90	35
US 3.625%' 28	137.56	0.679	0.274	-0.77	16.78	1067665.90	35

Representative stocks from each major market Source: Merill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	3.12	2.34	0.81
Austria	0.93	0.14	-1.39
Belgium	1.21	0.43	-1.10
Canada	2.08	1.29	-0.24
Denmark	1.05	0.27	-1.26
Finland	1.00	0.22	-1.31
France	1.03	0.25	-1.28
Germany	0.78	0.00	-1.53
Greece	7.45	6.67	5.14
Ireland	1.38	0.60	-0.94
Italy	1.96	1.17	-0.36
Japan	0.39	-0.39	-1.92
Netherlands	0.90	0.11	-1.42
Norway	1.86	1.07	-0.46
Portugal	2.71	1.93	0.40
Spain	1.82	1.04	-0.49
Switzerland	0.38	-0.40	-1.93
United Kingdom	2.02	1.24	-0.29
United States	2.32	1.53	0.00

Data provided by SIX Financial Information & Tullett Prebon Information

VOLATILITY INDICES

	Dec 05	Day Chng	Prev	52 wk high	52 wk low
VIX	11.82	-0.56	12.38	31.06	10.28
VXD	11.98	-1.02	13.00	22.60	7.64
VXN	14.37	-0.61	14.98	31.17	9.66
VDAX	14.11	-1.10	15.21	-	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility.
‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	07/17	4.25	104.90	2.31	0.02	-0.10	-0.29	-0.97
	04/25	3.25	101.11	3.12	0.01	0.02	-0.30	-1.41
Austria	06/16	1.75	101.86	0.52	0.02	0.04	0.01	0.00
	10/24	1.65	106.78	0.93	0.02	0.08	-0.11	0.00
Belgium	12/17	1.00	102.09	0.30	-0.01	-0.01	-0.01	-0.89
	12/24	1.10	98.93	1.21	-0.01	0.04	0.00	0.00
Canada	11/16	1.00	99.99	1.01	0.04	0.06	-0.02	0.00
	06/25	2.25	101.64	2.08	0.05	0.11	-0.06	0.00
Denmark	11/16	2.50	104.80	0.02	0.00	0.02	0.00	-0.23
	11/25	1.75	107.17	1.05	0.03	0.12	0.01	0.00
Finland	04/17	1.88	104.27	0.06	0.01	0.02	0.03	-0.53
	07/25	4.00	129.89	1.00	0.02	0.08	-0.07	-1.34
France	11/16	0.25	100.45	0.02	0.00	0.00	0.00	0.00
	11/19	0.50	101.07	0.28	0.01	0.02	-0.01	0.00
	11/24	1.75	106.74	1.03	0.00	0.06	-0.15	0.00
	05/45	3.25	125.64	2.10	0.00	0.07	-0.19	-1.29
Germany	06/16	0.25	100.38	0.00	0.00	0.00	0.00	0.00
	10/19	0.25	100.49	0.15	0.01	0.03	0.03	0.00
	08/24	1.00	102.01	0.78	0.01	0.08	-0.04	0.00
	07/44	2.50	120.31	1.63	0.00	0.07	-0.09	-1.09
Greece	07/17	3.38	93.85	5.99	-0.30	-1.12	-0.65	0.00
	02/25	2.00	71.91	7.45	-0.35	-1.06	-0.99	-1.52
Ireland	10/17	5.50	114.93	0.25	0.02	-0.01	-0.07	-1.55
	03/24	3.40	117.46	1.38	-0.02	0.00	-0.30	0.00
Italy	12/16	1.50	102.05	0.48	-0.04	-0.03	-0.18	0.00
	12/19	1.05	100.42	0.97	-0.05	-0.03	0.00	0.00
	12/24	2.50	104.99	1.96	-0.07	-0.07	-0.42	0.00
	09/44	4.75	128.17	3.29	-0.10	-0.15	-0.49	-1.69
Japan	11/16	0.10	100.20	0.00	0.00	0.00	0.00	0.00
	12/19	0.08	99.96	0.09	0.00	-0.03	-0.07	0.00
	09/24	0.50	100.99	0.39	-0.01	-0.03	-0.08	0.00
	09/44	1.70	105.87	1.42	0.00	0.03	-0.11	0.00
Netherlands	04/17	0.50	101.14	0.01	-0.02	0.00	0.00	0.00
	07/24	2.00	110.11	0.90	0.01	0.08	-0.07	0.00
New Zealand	12/17	6.00	106.68	3.66	-0.03	-0.05	-0.12	-1.30
	04/23	5.50	111.61	3.86	0.01	-0.06	-0.21	-0.96
Norway	05/17	4.25	107.25	1.22	0.01	-0.01	0.00	-0.60
	03/24	3.00	109.64	1.86	0.01	0.00	-0.13	0.00
Portugal	02/16	6.40	107.07	0.40	-0.04	-0.04	-0.21	-3.46
	02/24	5.65	123.58	2.71	-0.08	-0.15	-0.55	-3.40
Spain	10/17	0.50	99.67	0.62	-0.02	-0.03	-0.12	0.00
	10/24	2.75	108.31	1.82	-0.06	-0.08	-0.34	0.00
Sweden	08/17	3.75	109.91	0.04	0.01	0.02	-0.03	-1.35
	05/25	2.50	113.73	1.10	0.02	0.08	-0.09	0.00
Switzerland	10/16	2.00	103.93	-0.13	0.00	0.00	0.00	0.00
	07/25	1.50	111.61	0.38	0.00	-0.01	0.00	0.00
United Kingdom	01/17	1.75	102.26	0.68	0.02	0.07	-0.09	-0.34
	07/20	2.00	102.36	1.56	0.04	0.11	-0.14	0.00
	09/24	2.75	106.40	2.02	0.03	0.09	-0.18	0.00
	01/45	3.50	115.18	2.76	0.02	0.08	-0.17	0.00
United States	11/16	0.50	99.72	0.64	0.10	0.17	0.00	0.00
	11/19	1.50	99.12	1.69	0.11	0.20	0.00	0.00
	11/24	2.25	99.41	2.32	0.07	0.15	0.00	0.00
	11/44	3.00	100.32	2.98	0.04	0.09	0.00	0.00

Data provided by SIX Financial Information & Tullett Prebon Information

GILTS: UK CASH MARKET

Dec 05	Price £	Red Yield	Change in Yield Day	Change in Yield Week	Change in Yield Month	Change in Yield Year	52 Week High	52 Week Low	Amnt £m
Tr 3.5pc 'WL	100.76	3.47	-0.02	2.29	9.41	24.97	100.78	79.66	0.02
Tr 2.75pc '15	100.29	0.37	-0.02	-0.07	-0.20	-2.23	102.59	100.29	0.29
Tr 2pc '16	101.66	0.51	-0.04	-0.12	-0.05	-1.13	102.88	101.66	0.32
Tr 1.75pc '17	102.24	0.68	-0.09	-0.25	0.15	-0.01	102.56	101.07	0.29
Tr 5pc '18	112.76	0.99	-0.15	-0.45	0.19	-1.63	114.66	111.68	0.35
Tr 4.5pc '19	113.44	1.24	-0.19	-0.55	0.46	0.02	114.43	111.17	0.36
Tr 4.75pc '20	116.63	1.45	-0.21	-0.65	0.62	0.96	117.71	113.53	0.33
Tr 8pc '21	139.49	1.58	-0.20	-0.73	0.76	0.90	140.87	135.65	0.24
Tr 4pc '22	115.69	1.69	-0.21	-0.75	1.21	4.70	116.72	109.05	0.38
Tr 5pc '25	127.71	2.00	-0.25	-0.75	1.83	7.81	129.06	116.64	0.35
Tr 4.25pc '27	122.84	2.22	-0.27	-0.78	2.43	11.01	124.26	109.01	0.31
Tr 4.25pc '32	125.28	2.46	-0.16	-0.72	3.17	13.38	126.73	109.23	0.35
Tr 4.25pc '36	126.71	2.60	-0.17	-0.78	3.54	14.74	128.33	109.13	0.26
Tr 4.5pc '42	135.38	2.69	-0.13	-1.02	4.03	16.87	137.28	114.63	0.26
Tr 3.75pc '52	124.16	2.72	-0.14	-1.05	5.15	20.94	126.03	101.59	0.22
Tr 4pc '60	133.99	2.69	-0.16	-0.98	5.69	22.52	135.95	108.28	0.21

xd Ex dividend. Closing mid-prices are shown in pounds per £ 100 nominal of stock. Red yield: Gross redemption yield. This table shows the gilts benchmarks & the non-rump undated stocks. A longer list appears on Mondays & the full list on Saturdays, and can be found daily on ft.com/bond&rates.

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Dec 05	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	100.05	-0.09	2329.89	0.47	2.07	1.05
2 5 - 10 Years	179.40	-0.19	3139.36	1.51	7.43	1.71
3 10 - 15 Years	204.99	-0.23	3651.85	2.56	13.77	2.14
4 5 - 15 Years	185.14	-0.20	3263.27	1.82	9.19	1.88
5 Over 15 Years	288.77	-0.12	4064.10	4.48	21.14	2.65
6 Irredeemables	425.57	0.01	5024.52	9.80	29.90	3.47
7 All stocks	171.25	-0.13	3108.85	2.39	10.88	2.37

Index Linked	Dec 05	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	316.94	-0.09	-0.08	-1.47	2382.53	0.15	0.35
2 Over 5 years	560.45	-0.15	5.81	18.17	4106.12	5.99	19.25
3 5-15 years	437.65	-0.19	2.44	7.45	3288.26	2.68	8.82
4 Over 15 years	678.97	-0.13	7.41	23.90	4889.80	7.56	24.79
5 All stocks	520.84	-0.14	5.17	15.92	3860.47	5.35	17.10

Yield Indices	Dec 05	Dec 04	Yr ago		Dec 05	Dec 04	Yr ago
5 Yrs	1.38	1.34	1.78	20 Yrs	2.60	2.59	3.56
10 Yrs	2.04	2.02	2.92	45 Yrs	2.72	2.71	3.60
15 Yrs	2.41	2.39	3.39	Irred	3.47	-	-

Real yield	inflation 0% Dec 05	inflation 0% Dur yrs	inflation 0% Previous	inflation 0% Yr ago	inflation 5% Dec 05	inflation 5% Dur yrs	inflation 5% Previous	inflation 5% Yr ago
Up to 5 yrs	-1.13	2.59	-1.16	-1.35	-1.70	2.61	-1.74	-1.92
Over 5 yrs	-0.67	22.56	-0.68	0.03	-0.71	22.68	-0.71	-0.01
5-15 yrs	-0.80	9.24	-0.82	-0.15	-0.92	9.27	-0.95	-0.29
Over 15 yrs	-0.65	28.36	-0.66	0.06	-0.68	28.43	-0.68	0.04
All stocks	-0.68	20.38	-0.69	0.01	-0.72	20.53	-0.73	-0.04

See the FTSE website for more details: http://www.ftse.com/products/indices/gilts

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

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Week Ahead

FINANCIAL TIMES

Corporate diary December 8 – December 12

TUESDAY 9

Can doughnuts recover from the slowdown in sales currently plaguing the US restaurant industry? That is the question **Krispy Kreme** will need to answer when it reports third-quarter results.

Sales at fast-food restaurants across the country have slumped as low-income customers, their primary target, have struggled to emerge from the global financial crisis.

Coffee and doughnuts, in which Krispy Kreme specialises at nearly 900 shops in more than 20 countries, have been similarly hit, with weak earnings in the front half of the year.

The three months to September were the company's first full quarter under Tony Thompson, who took over as chief executive from Jim Morgan in May. Analysts will use the results as a first glimpse at how Mr Thompson, who was previously chief operating officer of the Papa John's pizza chain, is handling his latest position.

Analysts will also be looking for whether the company raises full-year earning guidance from the 69-74 cents a share range it forecast last quarter.

Wall Street analysts expect Krispy Kreme to earn 19 cents a share on $124.4m in revenues. *Neil Munshi*

EARNINGS (see box below)

Krispy Kreme	Q3	$0.19	($0.16)

WEDNESDAY 10

A steady ship at **Micro Focus** is moving into uncharted territory. During previous declarations to the market this year, the UK enterprise software company has been consistently optimistic, saying it was trading in line with expectations.

Revenues are expected to be $433.1m in the 2014 fiscal year, up more than 6 per cent from the year before. Its earnings for the first half of 2014 are expected to show revenues of $216.7m and pre-tax profits of $98.1m.

Those earlier pronouncements all came before the company transformed itself. It announced in September that it would acquire US rival Attachmate in an all-share transaction worth $1.2bn, valuing the combined company at $2.35bn. The deal, which was completed this month, will make Micro Focus a much bigger, but potentially less predictable, business.

George O'Connor, an analyst at broker Panmure Gordon, is generally positive about the deal. He argues that the two companies share DNA. Both focus on helping large enterprises maintain and upgrade their IT systems.

Mr O'Connor said it would be too early to see the impact of the acquisition in the earnings statement, although observers needed to watch carefully for "early signs" — whether good or bad — of any immediate after-effects of the merger. *Murad Ahmed*

Investors will be hoping for more of the same when **Ashtead**, the construction equipment rental company, announces second-quarter results. Shares in the FTSE 100 company are up 60 per cent this year, and profits are on an upward trajectory.

Shares have increased 14-fold in five years. The company, which rents out diggers, cherry pickers and generators, hopes to build on its seemingly unstoppable growth, with revenue expected to jump 11 per cent year on year to £495m from £439m.

Ashtead posted record results in the first quarter, with pre-tax profit up 33 per cent to £120m. It continues to surprise despite sky-high expectations.

The company has been thriving off the back of the US recovery, with about 85 per cent of its revenue generated by its US subsidiary, Sunbelt Rentals.

Ashtead is investing heavily in capex and should spend about £875m on new equipment this year to lay the foundations for continued expansion, focused on the US.

During the downturn market share was picked up from smaller competitors in a fragmented US market, and Ashtead gained from a wider shift towards tool rental. Out of the 16 institutional analysts that follow it, 15 have a buy rating. *Joel Lewin*

EARNINGS

Ashtead Group	Q2	15.57p	(14.20p)
Micro Focus Intl	H1	$0.57	($0.47)

THURSDAY 11

SuperGroup's new chief executive, Euan Sutherland, had a bumpy start after the warm autumn forced the clothing retailer to issue a profit warning at its second-quarter update at the end of October.

But with the bad weather flagged up and out of the way, the former Co-operative Group boss will be hoping for a calmer ride in his debut presentation of first-half results for the 26 weeks to October 25.

Analysts will be keen to gauge the impact of the slowdown in autumn sales on wholesale orders for spring and summer 2015.

Many of the company's Superdry-branded clothing lines can be sold from one season to the next, which means wholesalers with a glut of stock may order less from the company, say analysts.

Profit before tax for the period is expected to be down on the previous year's figure of £18m, with analysts at Investec forecasting a 30 per cent fall.

The company may also update on its expansion plans in Europe and China, where it is yet to secure a franchise partner.

But with the Christmas period coming into full swing and Mr Sutherland in the job less than two months, analysts are expecting little change in strategy at this stage. *Kadhim Shubber*

EARNINGS

SuperGroup	FY*	57.36p	(57.20p)
Sports Direct Intl	FY*	37.13p	(30.30p)

*H1 estimate

Ashley's other stakes in focus for Sports Direct investors

Sports Direct is set to announce its half-year results on **Thursday** — but all eyes will be on what Mike Ashley, who controls 58 per cent of the shares, plans to do with the interests the retailer has acquired in Debenhams and Tesco.

Pre-tax profit is expected to come in at £165m, compared with £146.2m last time, according to Citi, joint broker. It also forecasts flat retail sales from stores open at least a year during the second quarter, because of the warm autumn.

However, investors will be all ears for any comments about the group's interests in Debenhams and Tesco. Sports Direct has already offloaded the 4.6 per cent stake in Debenhams it acquired in early October. It sold a put option in the department store group, which, together with a similar deal in January, potentially gives it a stake of almost 13 per cent.

In September, just days after Tesco revealed that it had overstated its profits by £250m, Sports Direct struck a similar derivatives deal involving the grocer's shares, and could benefit from a rise in the price.

Sports Direct also owns an 11 per cent stake in House of Fraser.

Investors will be keen to know how trading in Sports Direct concessions in four Debenhams stores are progressing, and the group's plans to move into the gym market. Last month Mr Ashley promised to "revolutionise" the fitness industry by launching club membership of £5 a month at a new chain of Sports Direct gyms.

The retail entrepreneur is poised to open a purpose-built gym in Merseyside, the first of 200 planned. Users will be required to pay a £10 joining fee and sign up for at least 12 months. Membership involving gym use and group classes is offered at £8 a month. *Andrea Felsted*

Diary commentary from FT reporters. Data, unless otherwise stated, from Thomson Reuters. Company announcements, collated by Thomson Streetevents, are of information publically available before last week. Results forecasts, from Thomson I/B/E/S, are for fully diluted, post-tax EPS in local currency for the stated fiscal period. The comparable period of the previous year is bracketed. Non-UK reporting periods are broken by quarter: Q1, Q2, Q3, Q4. UK periods are designated: Q1, H1 (first half), Q3 and FY (full year).

THOMSON REUTERS

ECONOMIC OUTLOOK

LTRO take-up to affect likelihood of QE

The week's biggest news is likely to come on Thursday with the announcement of the take-up of the European Central Bank's targeted longer-term refinancing operation as part of its monthly report.

The ECB has offered up to €400bn in cheap, fixed-rate loans. According to analysts at ING, the central bank is looking to expand its balance sheet by close to €1tn. If it has struggled to auction off these loans and take-up is low, then full-blown quantitative easing is much more likely.

In terms of data releases, China will be the week's main focus, with inflation figures out on Wednesday. Industrial production, retail sales and fixed asset investment will also be published on Friday.

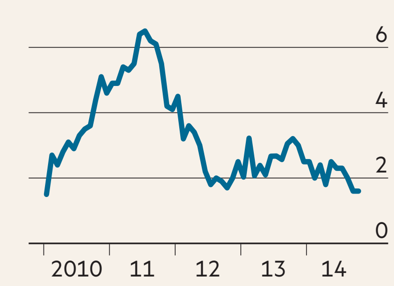
The expectation is that consumer inflation was stable in November. Food prices grew slightly but this is likely to be offset by a sharp decline in energy prices. Because of this fall, input prices are expected to have declined even more in November than October. The consensus forecast is that the producers' prices index fell 2.4 per cent, against October's 2.2 per cent.

Industrial production is likely to remain weak in November. Purchasing managers' indices point to a contraction, with the consensus being that year-on-year growth shrank to 7.5 per cent in November from 7.7 per cent the month before. Retail sales are likely to be stable, with growth remaining at 11.5 per cent.

Fixed asset investment is likely to slow from 15.9 per cent growth in the year to date to 15.8 per cent. However, this may not be wholly bad: recent research has pointed to much of China's recent investment being wasteful, such as in the "ghost cities" and unused steel mills.

In the UK retail sales, manufacturing output, industrial production and trade figures will be released this week. *Gavin Jackson*

Chinese inflation
Annual % change



Source: Thomson Reuters Datastream

4CAST ECONOMIC CALENDAR

COUNTRY	For	Indicator	Units*	Mkt*	Prev*
MONDAY					
Canada	Nov	Housing starts	5	200.5	183.6
China	Nov	Exports	2	8.0	11.6
China	Nov	Imports	2	3.8	4.6
China	Nov	Trade balance	3	44.0	45.4
Germany	Oct	Ind. prod.	1	0.3	1.4
Germany	Oct	Ind. prod.	2	0.7	-0.1
TUESDAY					
France	Oct	Trade balance	3	n/a	-4.7
Germany	Oct	Current account	3	19.0	22.3
Germany	Oct	Trade balance	3	19.0	21.9
UK	Oct	Ind. prod.	1	0.2	0.6
UK	Oct	Ind. prod.	2	1.8	1.5
UK	Oct	Manuf. prod.	1	0.2	0.4
UK	Oct	Manuf. prod.	2	3.2	2.9
WEDNESDAY					
China	Nov	Agg. financing	3	890.0	662.7
China	Nov	CPI	2	1.6	1.6
China	Nov	Money supply M2	2	12.5	12.6
China	Nov	PPI	2	-2.4	-2.2
France	Oct	Ind. prod.	1	n/a	0.0
France	Oct	Ind. prod.	2	n/a	-0.3
France	Oct	Manuf. prod.	1	n/a	0.6
France	Oct	Manuf. prod.	2	n/a	0.2
India	Nov	Exports	2	n/a	-5.0
India	Nov	Imports	2	n/a	3.6
India	Nov	Trade balance	3	n/a	-13.4
Japan	Nov	Consumer conf.		39.5	38.9
UK	Oct	Trade balance	3	-9.5	-9.8
THURSDAY					
Canada	Oct	House prices	1	n/a	0.1
France	Nov	CPI	1	n/a	0.0
France	Nov	CPI	2	n/a	0.5
France	Nov	HICP	2	n/a	0.5
Germany	Nov	CPI (final)	1	0.0	0.0
Germany	Nov	CPI (final)	2	0.6	0.6
Germany	Nov	HICP (final)	1	0.0	0.0
Germany	Nov	HICP (final)	2	0.5	0.5
UK	Nov	RICS house prices	%	15.0	20.0
US	Week	Initial claims	5	n/a	297.0
US	Nov	Retail sales	1	0.3	0.3
US	Nov	R. sales (ex auto)	1	0.1	0.3
FRIDAY					
Brazil	Oct	Retail sales	1	0.3	0.4
Brazil	Oct	Retail sales	2	n/a	0.5
China	Nov	Ind. prod.	2	7.5	7.7
China	Nov	Retail sales	2	11.5	11.5
China	Nov	Fixed asset inv.	2	15.8	15.9
Eurozone	Oct	Ind. prod.	1	0.2	0.6
Eurozone	Oct	Ind. prod.	2	0.6	0.6
France	Oct	Current account	3	n/a	-1.2
Germany	Nov	WPI	1	n/a	-0.6
Germany	Nov	WPI	2	n/a	-0.7
India	Nov	CPI	2	n/a	5.5
India	Oct	Ind. prod.	2	n/a	2.5
Japan	Oct	Ind. prod.	1	n/a	0.2
Japan	Oct	Ind. prod.	2	n/a	-1.0
Russia	Oct	Trade balance	3	11.9	13.0
US	Nov	PPI	1	-0.1	0.2
US	Dec	Univ of Mich sent.		89.5	88.8

Mkt* = market consensus estimates. Prev*= previous actual Units*; **1** = % change on previous period, **2** = % change on same period in previous year, **3** = national currency bn, **4** = annualised quarterly % change, **5** = 000s, NSA=not seasonally adjusted, SA=seasonally adjusted.

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Titans slim down and fight back

Some companies are finally trying to improve returns to shareholders, writes *Ben McLannahan*

When Panasonic announced last September it would sell a majority stake in its healthcare business to KKR, the US private equity group, investors barely blinked.

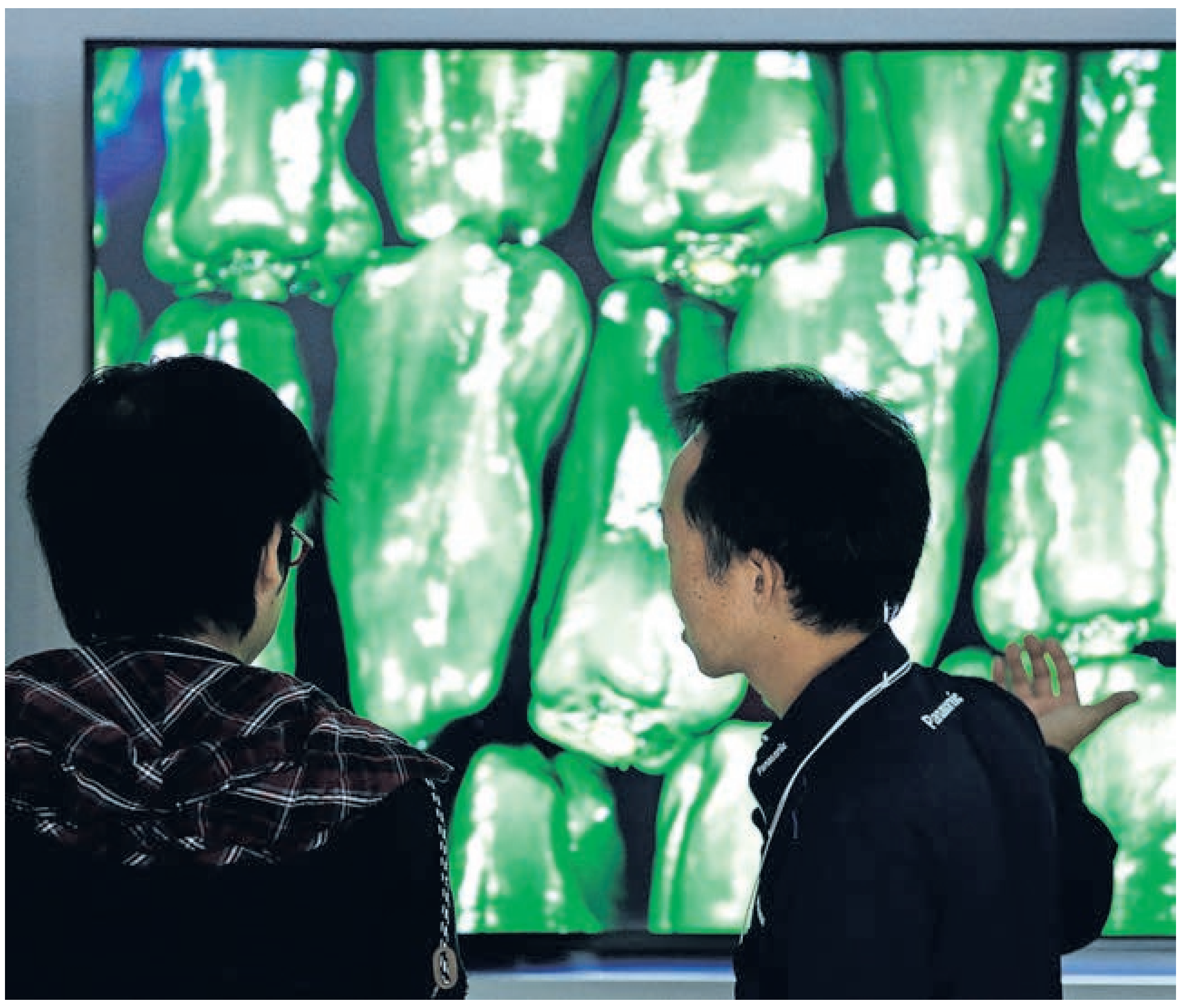
Healthcare had been a subsidiary of the Osaka-based group for more than 40 years but was always on the fringes, accounting for less than 5 per cent of operating profits in the previous year.

Yet according to Atul Goyal, a Singapore-based analyst at Jefferies, the $1.7bn divestment was a watershed moment – confirming that some of Japan's technology titans were serious about boosting returns to shareholders via restructuring.

Healthcare was a profitable unit in a high-growth area, selling blood-sugar monitoring equipment for diabetics. But under Kazuhiro Tsuga, president since June 2012, Panasonic has been focusing its management efforts and capital resources on four main businesses, including auto products and housing equipment, most of them selling to other companies rather than directly to consumers.

So the healthcare division – nice as it was – was better off under a new owner.

Panasonic is among the best examples of a Japanese tech company "forced into taking tough measures because of structural weakness", says Mr Goyal, noting that the group's return on equity – a negative 8 per cent, on average, in the five years before Mr Tsuga – is expected to top 10 per cent in the year to March. Selling a long-cherished business such as healthcare "was a strong, bold statement – a sign that executives really care about the future".



Tough measures: Panasonic TVs still draw admirers, but the company is being forced to restructure — Bloomberg/Kiyoshi Ota

Many more Japanese companies active in the tech sector have become more assertive in reshuffling portfolios, or at least thinking twice about offering so many gadgets to consumers apparently more interested in the latest offerings from Samsung or Apple.

At Hitachi, for example, chief executive Hiroaki Nakanishi has won plaudits for his efforts to spin off consumer-related operations in mobile phones, computer parts and flat-panel TVs to concentrate on more profitable power plants, rail lines and water treatment facilities.

At Sony, a new chief financial officer, Kenichiro Yoshida, is looking to do likewise, apparently given free rein by chief executive Kazuo Hirai to challenge business areas and customs previously considered sacrosanct.

One example is the dividend. Sony had preserved payouts over the past five years, even while it was churning out cumulative net losses of almost Y700bn ($6bn), so that income-focused investors could continue to buy the stock. But in September it stopped paying the dividend altogether, for the first time since the company went public in 1958.

Analysts have taken heart that radical measures could be in store for the flailing TV and smartphone arms. JJ Park, a Seoul-based analyst at JPMorgan, says: "Management appears finally to be facing the structural issues, given they have said they will downsize the businesses."

It is possible to overstate the scale of the transformations under way. Among investors, Japan is often still seen as the spiritual home of the flabby conglomerate, with executives more concerned with preserving market share than lifting returns for investors.

Five years ago, The Onion, a satirical news organisation, spoofed Yamaha by imagining its chief executive saying: "At the Yamaha Corporation, we're focused on one thing and one thing alone – quality sound chips, ceiling brackets, editing software, race-kart engines, sports board, flugelhorns, ATVs, sequencers

Continued on page 4

Inside

FT/Nikkei Co-operation

The FT and Nikkei, the Japanese business media group, started to co-operate in 2013 to give their respective readers greater insight by combining the best of the FT's "outside" view of Japan with Nikkei's deep understanding from the inside. This report features three articles from Nikkei writers.
http://asia.nikkei.com/

FT FINANCIAL TIMES NIKKEI

Sharp displays may be the shape of things to come

Trends

Growth is likely to come from the auto sector as consumer electronics slows, says *Kana Inagaki*

Display technology has seen all manner of innovations, but the rectangular design of digital devices – be they smartphones, televisions or computers – has held sway for decades.

Now, that de facto standard is set to change.

Sharp, the Japanese electronics group that makes screens for Apple's iPhones, is preparing a display for mass production in 2017 that it says can be shaped into various forms. Circular TVs or funky phones with curvy screens could be the future face of electronics.

On a more practical level, Sharp developed its "free-form display" for potential use in cars. By breaking out of the clunky, rectangular shape and sharply slimming the bezels around the screens, the displays can fit neatly into the narrow front passenger area.

Sharp's innovation speaks to a broader transition occurring in Japan's consumer electronics industry.

Companies including Panasonic, Sony, and Hitachi are trying to capture growth in the automotive industry amid shrinking demand for TVs, personal computers, and cameras. Japan's electronics groups are also grappling with slowing growth in smartphones.

The global vehicle industry itself is undergoing a tectonic shift, as stricter environmental standards call for green vehicles powered by batteries or hydrogen. More electronics components such as sensors and cameras are installed in vehicles as demand grows for safer, more comfortable cars with technologies to assist drivers.

These trends have, in turn, blurred the lines between the electronics and auto sectors.

"I can clearly sense the borderless age approaching," says Shoji Inagaki, Toyota's general manager in charge of developing vehicle control systems.

For Sharp, the focus on automotive business comes as the company recovers slowly from bruising losses of nearly $8bn in the fiscal years 2011 and 2012, caused by a collapse in demand for big displays.

In recent years, the company has shifted to the smaller and medium-sized displays used in smartphones and tablets and hopes to increase sales for displays used in vehicles.

But the Japanese manufacturer says it is trying to avoid making the same mistakes with car screens as it did with TV displays.

Yasuhisa Itoh, Sharp's general manager responsible for developing the free-form display, says: "We focused too much in the past on enhancing display performance. But it's come to a point where customers don't realise the value in that."

Critics have often said Japanese TV manufacturers lost touch with consumers as they became obsessed with improving picture quality, while Asian rivals offered cheaper sets with display performance that may have been lower but was enough to keep viewers happy.

"So we decided to shift the axis of our competition to [display] design," Mr Itoh said.

Sharp, which has been supplying displays for cars and aircraft for two decades, is betting that more displays will be installed in vehicles together with cameras and sensors to enhance safety features.

Currently, Japanese electronics makers such as Hitachi, Panasonic and Fujitsu generate from 7 to 16 per cent of their sales from automotive-related products, according to Morgan Stanley MUFG Securities.

The brokerage said in a recent report: "In the automotive industry, orders are steady and cycles are long, while in the electronics industry orders fluctuate widely. That makes automotive business attractive for electronics firms."

Panasonic, which supplies batteries to US electric-car maker Tesla, is aiming to double sales in its auto division to Y2tn ($17bn) – about 20 per cent of total sales – by the fiscal year to March 2019.

In addition to car batteries, its auto business includes displays, automotive infotainment systems, cameras, sensors and radars.

In October, it agreed to buy a 49 per cent stake in Ficosa, a family-owned Spanish car-parts manufacture with hopes of developing self-driving technology in the future.

Sony has so far trailed behind in expanding its auto-related business, but it aims to increase the sale of image sensors used in cars. Despite a massive restructuring involving PCs, TVs and smartphones, image sensors is one of the few growth areas for Sony.

Kazuo Hirai, Sony's chief executive says: "We're going to invest in image sensors and take on the challenge of expanding their use in new areas such as cars and wearable devices in addition to smartphones."

Still, analysts say Japanese companies face fierce competition, because the automotive shift is a global phenomenon with leading technology companies including Google, Apple, IBM and Intel all eyeing the sector's growth potential.

Venture firms are also increasing their clout, highlighted by the rise of Mobileye, an Israeli start-up that makes camera-based software for self-driving vehicles.

BNP Paribas analyst Masahiro Wakasugi says Japanese companies could benefit from the growing focus on car safety – highlighted by the rise in recalls by automakers worldwide. "Japanese electronics makers have an advantage in terms of ensuring quality," he says.

Electronics groups such as Hitachi and Panasonic have benefited from decades-long ties with Japanese automakers in a conservative industry where the supplier system has depended on a close community of parts makers. But even that structure is changing with carmakers now competing to get hold of cutting-edge electronics technologies being developed across the world.

"There are so many high-tech parts coming in, so we can't win the competition unless we look at both existing suppliers and new players," says Toyota's Mr Inagaki.

Flexible futures: Sharp's screen curves to fit round dashboards

Tighter budgets constrain scope of academic research

Determined: Isamu Akasaki (left) and Hiroshi Amano — Kaz Photography/Getty

Life sciences The view that all research must be commercialised limits discovery, says *Junichi Taki*

NIKKEI

This year's Nobel Prize in physics was particularly sweet for Japanese industry and academia. The award, which went to three scientists who developed blue light-emitting diodes, came at a time of growing concern about the future of the discipline in the country.

The question is, how can Japan ensure that its researchers continue to make significant breakthroughs?

The development of blue LEDs is a textbook case of university research leading to commercialisation of products. Amid Japan's prolonged economic stagnation, this sort of co-operation has been crucial for companies wary of investing in risky endeavours with no guarantee of success.

The government is supportive of academia-industry collaborations. This year, the government's Council for Science, Technology and Innovation launched a programme called ImPACT, which stands for Impulsing Paradigm Change through Disruptive Technologies. The council has selected 12 research themes – including rescue robots and organic materials that are stronger than steel – and has assembled researchers from academic institutions and the corporate sector.

The government will also establish the Japan Agency for Medical Research and Development next April to support breakthroughs in pharmaceuticals and medical equipment. Research budgets related to the life sciences, currently handled by multiple government offices, will be consolidated.

Japan has few ventures of the same calibre as US start-ups, which frequently discover drug prototypes before passing them to big pharmaceutical companies. The new agency may help fill this gap by developing drugs using leads from university laboratories.

This year's Nobel Prize shows not only what co-operation between academia and industry can achieve, but how times have changed. After Isamu Akasaki and Hiroshi Amano came up with the basic technology for blue LEDs at Nagoya University in the mid-1980s, they launched a joint research project with Toyoda Gosei, an auto parts maker. The Japan Science and Technology Agency supported the project, which aimed to put the innovation to practical use.

Separately, Shuji Nakamura devised a mass-production method for a high-brightness blue LED at Nichia Chemical Industries.

When Japan's economy was booming, scientists could drum up funds for all sorts of research seen as having commercial potential, on top of what they received from universities or other institutions.

But as corporate and government purse strings have tightened, funding has become far less available.

Today, the Japanese government emphasises research that promises significant benefits to industry and society. This principle tends to guide public budget allocations for national universities. While considerable amounts of money are devoted to endeavours expected to bear such fruit, there is not much left over for research regarded as less crucial. This naturally directs scientists into a few select fields where they are likely to produce practical results.

> Emphasis on strategic areas could erode the foundations of Japanese science

Given budgetary constraints, it is understandable that the government focuses its investments only on strategic areas. There are, however, side effects of this strategy.

"More researchers now waver when they feel they lack a concrete purpose," says Yuichiro Anzai, head of the Japan Society for the Promotion of Science and a former president of Keio University.

There is, he adds, a worrying tendency to change the direction of research for the express purpose of obtaining more state funding.

Prof Akasaki and his fellow Nobel laureates developed blue LEDs by sticking to their guns. If researchers lose their sense of mission or feel compelled to change course midstream, they will be less likely to produce true innovations.

The emphasis on strategic areas – selected by the government – could subtly erode the foundations of Japanese science. The number of researchers is already on the decline. Japan is also falling behind in terms of its volume of published scientific papers.

Some scholars warn against taking a single-track view of science – the idea that basic research is followed by applied research, which in turn is followed by commercialisation. Akiyoshi Wada, professor emeritus at the University of Tokyo, makes a distinction between "pure research aimed at elucidating the essence of nature and society, and applied research that leads to solutions to specific problems".

Research aimed at comprehending nature can produce practical innovations, just as seeking solutions to specific problems may lead to a broader understanding of the world. The crux of Japan's challenge is to find ways to revitalise basic research.

The government council has started discussing a new five-year plan for science and technology, to take effect in 2016.

People such as Prof Wada will be hoping the council can balance academia and industry and devise an unconventional policy that will allow both to flourish.

Early adopters ring the changes with payment revolution

Mobile banking

Phones will replace wallets with the next iteration of contactless payments, reports *Jennifer Thompson*

When it comes to everyday banking, Japan is a paradox. The country has some of the most advanced infrastructure in the world but remains a cash-based society.

Many Japanese choose to pay utility bills with hard currency at convenience stores. Restaurants and small businesses often only accept cash. And it is not uncommon to see foreigners venting their frustration when they discover that they cannot use most cash machines, but are restricted to those operated by the post office or international banks.

Despite this apparent reluctance to embrace new banking practices, the Japanese were early adopters of contactless payments and the "tap-and-pay" technique with a smart card.

Now a new form of that technology is beginning to emerge. Banks and telecoms companies have been predicting that a global cellphone payments revolution is just around the corner, with the mobile phone replacing both the wallet and the smart card.

However, the revolution is proving rather slow to get going. While the system of using pre-paid smart cards that can be tapped against readers has taken off in many countries, using a handset to do the same has yet to catch up. This is mainly because of the complexity involved in such an undertaking.

It not only demands co-operation between the telecoms companies providing the service and the manufacturers making the phone handsets, it also requires input from the financial companies involved and technology experts to ensure that the transactions are safe and efficient.

"Part of the problem is that too many people are looking for their piece of the pie," adds David Gibson, an analyst at Macquarie in Tokyo.

Things were more straightforward for the smart card payment systems. FeliCa, one such service developed by Sony, became a key part of the Japanese payments landscape more than a decade ago.

FeliCa began life in 1988, and was developed for use on public transport services. Prototype "swipe cards" appeared the following year, and by 1990 their use as a replacement form of train ticketing was becoming widespread.

With the Japanese market for mobile phones growing, Sony decided to look at putting FeliCa technology inside handsets. It found a valuable partner in NTT DoCoMo, the country's biggest telecoms company, with a 60 per cent market share. And NTT was looking for new mobile services to offer customers.

Not only were the Japanese enthusiastic early adopters of mobile phones, NTT was also the first provider in the world to launch a comprehensive internet service on the devices in 1999.

At the turn of the millennium, NTT DoCoMo and FeliCa formed a joint venture named FeliCa Networks to implement mobile payments services in Japan. Other telco providers and handset makers were soon included in the agreement, paying to implement FeliCa technology themselves so they were not left behind.

> Today there are about 60m FeliCa-enabled mobiles in the country

Today, there are about 60m FeliCa-enabled phones in Japan, providing access to some 100 services, according to Sony research.

The question now is how far Apple Pay will disrupt the Japanese payments system. In October, Apple unveiled its new mobile payments service and "digital wallet", Apple Pay. This allows customers to use their iPhones to pay for certain products, instead of using cash or bank cards.

Mr Gibson says that at the end of the first quarter, 8.1 per cent of all users of iOS (the Apple operating system) were in Japan, making it the third-biggest market for Apple after the US and China.

Smartphones: tapping a new market

He believes Apple's mobile phone payments service will eventually be rolled out in Japan, but the big question is whether it can compete with FeliCa in terms of speed.

"If you're going through Shinjuku, one of the busiest train stations in the world and you have to wait for a second, it's not going to work at all," he says.

One criticism often levelled at Japanese business is that manufacturers focus on adapting innovative ideas for the domestic market, and place less weight on selling their ideas abroad.

However, Sony highlights the successful, early, export of FeliCa technology to Hong Kong, where it won a tender to provide the plastic Octopus smart card in the 1990s, originally for the territory's rail system.

Octopus cards are now used across Hong Kong's public transport networks and as prepayment smart cards for a variety of other purchases, from fast-food restaurants to photo booths and parking metres.

Industry insiders note that it would have been virtually impossible to develop a mobile phone payments service from scratch anywhere but Japan.

"There are so many players and there was no standard technology available in the market in 2000," says Masayuki Takezawa, deputy general manager of FeliCa at Sony.

Indeed, factors unique to Japan – its tech-savvy customer base and historically strong relationship between telecoms providers and handset makers, which resulted in the creation of FeliCa Networks – were the ingredients that have made the system work.

It is not clear, however, whether such factors will enable Japan to win in the coming mobile phone revolution.

Successors lack the necessary insight to nurture talent and innovation

NIKKEI

Management

Top executives tend to focus on cost competitiveness rather than innovation and businesses shrink as a result, says *Masanori Murui*

In New York, a silver-haired businessman was getting into the car that had been sent to fetch him. He had with him a sheaf of reports so thick that he could barely carry it. As the car bounced along the busy streets, he rapidly sorted through the documents, selecting some and handing the rest to his assistant. By the time he reached his destination, he had finished perusing the material.

This man was Akio Morita, the late founder of Sony, who turned the company into a global powerhouse. A former Sony executive who witnessed Morita's working habits firsthand revealed the secret of his efficiency:

"Mr Morita did not read all of the reports. He read only the headings, which included the title, and chose reports based on who had submitted them.

"This was because he always knew who was doing which jobs and who could be trusted," he says.

One of Morita's talents was knowing all about his company's top innovators and the work they were doing.

Sony has long since lost its reputation for innovation. These days, it is more associated with restructuring than with inventing must-have products. Morita's knack for quick decision making offers a clue about what has been lost and about how the one-time epitome of Japanese innovation could regain its edge.

"Sony was able to make interesting products and successively embark on new businesses in Mr Morita's day because the company had leaders who knew talented people in the organisation and could put them to the best use," the former executive recalls.

This is not an easy task for Sony's current leaders. The reason: as the company's organisation becomes more complex, innovators become harder to spot. This is a concern not only for top executives at Sony, but for those in many Japanese companies.

Nomura Research Institute conducted a survey of companies asking which talents make someone an innovator. Many top executives listed imagination and a knack for focusing on goals as necessary traits. Innovators themselves, however, gave quite different answers.

In the survey, people including those who devised i-mode, NTT DoCoMo's pioneering mobile internet service, emphasised traits such as the power of observation, curiosity and willingness to endure trial and error processes.

"For top executives who have never started a business, it may be difficult to understand the minds of innovators," says Hikojiro Isozaki, a consultant at Nomura Research Institute.

Akio Morita, the founder of Sony, knew his workers' potential and could put it to the best possible use

"Through such experience, managers improve their business sense and know when to say, 'We must stick with it, even though we're in the red,' or, 'This is the time to give up.' If top executives are not strongly aware of such things, they cannot find and nurture innovators."

At influential companies such as Sony, once seen as a symbol of postwar Japan's rebirth, few founders remain in top executive positions. Their successors now have to compete with companies in South Korea and China, such as Samsung and Xiaomi, as well as with rivals in western countries. Today's top executives, who think only in the short term, tend to focus on cost-competitiveness. Doing so, however, has mostly resulted in shrinking business.

After the global financial crisis in 2008, Hitachi reported a record consolidated net loss for a Japanese manufacturer. The company later concentrated its management resources on its social infrastructure business, including the environment, energy and transport. Since then, earnings have recovered sharply.

During that time, Hitachi not only selected and focused on certain businesses, but also implemented corporate reform to "collect optimum human resources, make optimum teams and allocate people to optimum positions", according to Hidenobu Nakahata, vice-president at Hitachi, who heads the company's human resources strategy.

As a first step, the company created a personnel database covering all its employees around the world, enabling it to evaluate workers based on common global standards. It also eliminated the seniority-based promotion system, an entrenched characteristic of Japanese-style employment.

Many Japanese companies have been criticised for failing to manage talented employees and technologies effectively. This suggests there is plenty of potential to be uncovered. To achieve that, insightful leaders are more essential than ever.

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The ghost in the machine gets smarter

Robotics Outside investors seek to monetise opportunities, in rescue, healthcare and reconnaissance, reports *Kana Inagaki*

When Google last year bought a tiny start-up founded by two Japanese robotics engineers, it served as a rude awakening to the threat Japan faces.

New technology companies, including Apple and Amazon, show a rising interest in owning robotics technology.

"You don't have to worry about the money. You only have to focus on changing the world," said Andy Rubin, head of Google's robotics division at the time of the purchase. But Google's investment was crucial to the start-up's survival and breathed new life into Schaft and its two-legged robot project.

Schaft was founded by professors of the prestigious robotics lab at the University of Tokyo, who spent a gruelling year searching for investors in Japan before Google extended a lifeline.

The company's clunky humanoid robot, designed to operate in disaster areas, was mocked and written off by the government as well as several Japanese tech and venture capital companies, according to Takashi Kato, the former chief financial officer of Schaft.

"The fundraising was an utter failure, but that allowed us to make up our mind and go to the US," recalls Mr Kato, the entrepreneurial investor who helped negotiate the deal with Google.

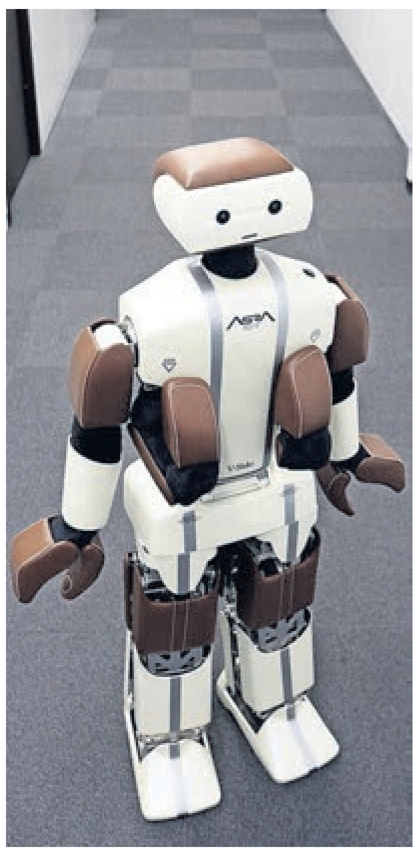
Though few in Japan saw commercial potential in Schaft, its robot won an advanced robotics competition sponsored by Darpa, the US defence technology agency, in late 2013.

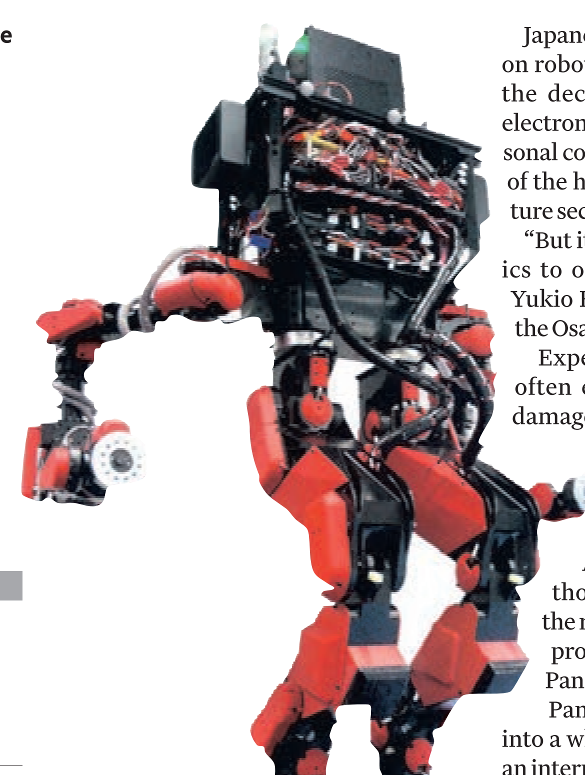
It was a demonstration by Schaft – along with Honda's Asimo – that President Barack Obama came to see during his visit to Japan in April. In the US, research into disaster-relief robots is often richly funded by the military. It was US-made reconnaissance robots deployed during the Fukushima nuclear accident in 2011 that prompted Schaft to develop its own robot that can withstand disaster conditions.

In addition to military interest – with recent advances in artificial intelligence and drone technologies – Silicon Valley companies are starting to see profitable civilian uses for robots.

So is Japan. Following the Schaft sale to Google, Prime Minister Shinzo Abe pledged to make robots a key pillar of his growth strategy. His goal is to triple the domestic market for robots to Y2.4tn ($20bn) by 2020. The worldwide market for industrial robotics systems is about $29bn currently, according to the International Federation of Robotics.

Taking their cue from government, Japanese technology giants, including Panasonic, Toshiba and Sharp, are honing their robotics skills. The companies are working on robotic suits, a humanoid with fingers nimble enough to do sign language, and cleaning robots that can talk in several languages.





Here to help: *(left to right)* prototype humanoids created by Asratec, Toshiba, Alderaban and Schaft are designed for use in construction, domestic work and (below right) disaster relief

> The prime minister has pledged to make robots a key 'pillar of growth'

Japanese companies are also banking on robotics to play a role in sales amid the decline in traditional consumer electronics such as televisions and personal computers. They have high hopes of the healthcare and motor manufacture sectors.

"But it's hard for innovation in robotics to occur at big companies," says Yukio Honda, professor of robotics at the Osaka Institute of Technology.

Experts say that new technologies often entail safety risks that could damage a company's brand. To avoid this, they are prepared to spend years or even decades on development before a mass market launch.

And even after a series of tests, those risks are often bigger than the revenue gains expected from the products, says Mr Honda, who left Panasonic in 2012.

Panasonic's robotic bed that turns into a wheelchair, for example, cleared an international safety standard for care robots earlier this year, reducing liability risks for the company. But the product does not necessarily use cutting-edge robotics technology and it requires the manual assistance of a helper to move the patient on to the bed.

Some technological compromises were made to meet safety and cost concerns, officials say.

"So much is unknown about new care robots, including the risks," says Hideo Kawakami, who headed Panasonic's robotic bed project.

Panasonic is not alone in betting on the future of nursing care robots as Japan grapples with an ageing society. In October, Toshiba unveiled its prototype of a human-like robot that can smile and blink, dressed in a pink blouse and a white skirt.

By 2020, the company hopes this machine will be able serve as a companion for the elderly and people with dementia.

Robotics are part of Toshiba's plan to increase its healthcare sales to $8.5bn a year by March 2018, from $3.4bn currently. But the company has been engaged in robot development since at least the 1980s without the release of a successful mass-market product so far, beyond industrial use.

"Japanese companies often win in technology but lose in business," says Mr Honda.

Still, there are some encouraging signs of innovation being unveiled by big companies and university labs through spin-offs. At least three start-ups have been established by former members of the Sony team that worked on the Aibo robotic dog.

Mr Abe has said he wants to transform Japan into a "powerhouse brimming with the entrepreneurial spirit". But the financing challenges that Schaft faced also underscore the cultural stigma still attached to people leaving established firms to set up their own companies.

Mr Kato says: "Smart and tech-savvy people will flee to Silicon Valley if they continue to face hurdles in the Japanese market. A person frowned upon in Japan could suddenly be treated like a god in the US."

Animated bears and bunnies score a hit with big business

NIKKEI

Start-ups

A chat-app sensation and a video-sharing site show that cute conquers all – especially when backed by venture capital, says *Keiichi Murayama*

For every 100 Japanese businesses, five go bankrupt each year and five new ones open their doors. That is about half the comparable figures in the US and the UK. In short, Japan has a slow business metabolism.

True, that metabolism sped up a bit in the 2013 financial year, when investment in venture businesses rose 80 per cent year-on-year to reach Y182bn ($1.55bn at today's exchange rate). But that is still only about 6 per cent of the amount invested in start-ups in the US.

Not surprisingly, spurring entrepreneurial activity has become an important element of Abenomics (the name given to a government stimulus package introduced by prime minister Shinzo Abe). Also important is fostering tie-ups between start-ups and large, established corporations.

Two IT ventures that exemplify the potential success of this strategy are Line, the Tokyo-based operator of a call and messaging app, and Dwango, which through its subsidiary Niwango operates the Niconico ("Smiley Smiley") video-sharing website.

Both Line and Niconico are immensely popular, and the companies that run them are expanding abroad in ways that highlight Japan's strengths when competing on the global stage in IT: cuteness or, to use the Japanese term that is gaining recognition worldwide, *kawaii*.

Many countries are helping drive the global IT revolution, including the US, China, South Korea, Israel and India. But Japan's contribution is unique. Its offerings are soft and fuzzy, melding technology with animation, games and other elements of "Cool Japan".

Take Line: the number of people using the Line app has grown to 560m since the service launched in 2011. Its users have spread beyond Japan to other parts of Asia and the west, including Thailand, Indonesia, India, the US, Spain and Mexico.

Akira Morikawa: it's about emotions

When the company held a press conference at the Tokyo Disney Resort in October to present its business ventures, costumed characters danced to a special song created for the event.

The characters in question – Brown the Bear and Cony the Rabbit – are familiar to anyone who uses the Line app on their smartphones to exchange messages. The characters appear on many of the "stamps", or virtual stickers, that users can purchase to place in their messages.

> Japan's contribution is unique: soft and fuzzy, melding technology with animation and games

At the October conference Akira Morikawa, Line's chief executive, sought to explain the popularity of the stamps, which have become a cash-cow for the company. "Communications have shifted. It is not just about the exchange of information any more, but also emotions," he said. "The stamps are a universal language."

Leveraging its smartphone app, Line has partnered with an array of companies in several sectors. It has teamed up with Mizuho Bank and Sumitomo Mitsui Bank for a payment system, with Sony Music Entertainment and Avex Digital for a subscription-based music streaming service, and with publishers Kodansha and Shogakukan for distributing online comics and other content.

The main feature of the Niconico video-sharing site is that it allows viewers to post comments on the video as it plays. Combining streamed video and social media is meant to foster a feeling of community among users.

For Nobuo Kawakami, Dwango chairman, the starting-point is his desire to build the antithesis of Google. If Google is all about algorithms and data analysis, Mr Kawakami prefers to see the world as filled with subcultures and open to inconsistencies, a view perhaps informed by his stint as an apprentice at Studio Ghibli, a cult animation house.

Niconico now has 43m subscribers, including 2.3m paid-for accounts, and a growing fan base. Its main store in Tokyo, where it showcases entertainment fusing the online and real worlds, features a studio for live broadcasts and a café. Niconico also scheduled a participatory event for users in Singapore in early December, and plans similar get-togethers to spread "Niconico culture" abroad.

In October, Niconico's owner, Dwango, merged with Kadokawa, a publishing house that has been in business since 1945. Kadokawa had previously had success with the Kagerou Project, which produced novels and animation based on music posted on Niconico. The merged company will try to reproduce that winning formula.

The merger is symbolic of a trend in Japan in which start-ups and large corporations co-operate in pursuit of innovative ideas.

In September, the Ministry of Economy, Trade and Industry supported the business equivalent of a speed-dating event in Tokyo: 447 start-ups and 97 big companies participated in the so-called Tokyo Innovation Leaders Summit. Many large companies – including some of those that attended – are increasingly worried about their ability to create new value on their own.

For some, co-operation with start-ups is a potential solution. According to Japan Venture Research, in the first nine months of this year, nine of the top 30 biggest-spending venture capital companies were corporate VC firms.

Japan's business metabolism may not yet be quite as fast as that of the US, but beneath the surface something may be stirring.

Start-up scene begins to gain traction after slow start

Venture capital

One of the 'seven pillars' for shaking up the economy is to make life easier for risk takers, says *Ben McLannahan*

Yusuke Mitsumoto had a good idea: a website for small businesses to create their own online stores instantly, without the hassle of hiring design experts or trying to get up to speed themselves.

But what he did not have was much money to pursue it. So when the 27 year-old quit his job in advertising in late 2008, he spent months appealing to big Japanese venture capital (VC) firms such as Jafco and captive funds attached to big companies – only to be turned down every time.

He also trooped around banks, which said they were not interested in taking a punt on a business with no assets or revenues – and certainly not in the depths of the global financial crisis.

In the end he gathered enough cash to go it alone, developing a self-financing business that grew into Bracket, a 30-employee company based in the trendy Tokyo district of Shibuya.

Last summer he sold up in a stock-for-stock deal to an ecommerce group called Start Today, listed on the first section of the Tokyo Stock Exchange.

Starting out was "really hard", recalls Mr Mitsumoto, who is now 33. "The VCs were all really conservative. And although I was willing to provide personal guarantees to the banks, there was no trust towards new companies."

His experience is not unusual.

Entrepreneurs often say they struggle to get up and running in Japan, where equity investors tend to be cautious and debt investors like to see collateral and personal guarantees from the borrower. Even if a fund supplies equity capital, valuations of businesses are typically much lower than in Silicon Valley.

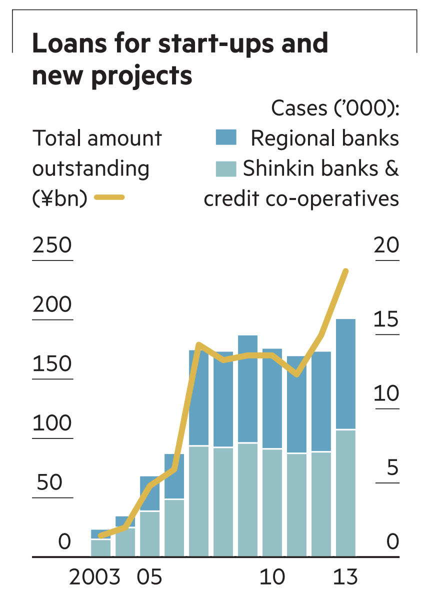
That results in big gaps in funding. Last year a survey by a state-backed bank found that entrepreneurs had an average of Y2.3m ($20,000) in savings when starting out – well short of the Y6.2m they said they needed.

The government knows things need to change.

One of the ruling Liberal Democratic Party's "seven pillars" for shaking up the world's third-largest economy is to make life easier for risk-takers.

Among the top measures are simplifying tax procedures for angel investors, "rationalising" the system of personal loan guarantees, and changing laws to allow crowdfunding. From April next year, ventures should be able raise up to Y500,000 from each investor, up to a total of Y100m. At the same time, the government recognises that Japan lacks venture capitalists qualified to provide hands-on support – a problem that "training" and "inviting foreign experts" could help resolve, according to a policy plan published in June.

The quality of homegrown VC executives can be "abysmal," says Russell Cummer, chief executive of Exchange Corporation, a Tokyo-based financial services group that has raised cash from funds including CyberAgent Ventures of Japan and Hong Kong's Arbor Ventures. "Some have lots of money but no idea how to invest, in what can be very human-capital intensive businesses."



Source: Bank of Japan

Industry insiders say the situation is improving, thanks in large part to a cluster of experienced firms such as CyberAgent, SBI Holdings and Digital Garage, and characters such as Takafumi Horie, a disgraced tycoon now reinventing himself as a start-up guru. Business "accelerators" have also sprung up around Tokyo and other big cities, typically offering Y5m of seed money and some logistical support.

On the debt side, too, there is progress. The latest six-monthly report by the central bank on Japan's financial system, published in October, shows a steady rise in loans to start-ups. The BoJ says that the easing of credit standards can be explained by banks' aversion to accumulating expensive government bonds in lieu of loans, and a "growing awareness" of the importance of finding future sources of revenue.

"I think the current situation is much, much better," says Mr Mitsumoto, noting recent rapid growth in web- and mobile-based businesses, in particular. "When I started, there were really very few people who knew about Twitter or Facebook."

Hope is that more women in the workforce will raise growth

Equality The targets for female participation are worthy but ambitious, reports *Demetri Sevastopulo*

A long way to go: where are all the salarywomen? — Bloomberg/Tomohiro Ohsumi

When Eikei Suzuki took time off work following the birth of his first child, it made national news in Japan. In joining the 2 per cent of Japanese men who take paternity leave, the young politician became only the second prefectural governor to take that route.

Prime Minister Shinzo Abe wants more men to follow the example of Mr Suzuki – who belongs to the cadre of elite Tokyo University graduates who have historically sacrificed time with their families for their careers – as part of his policy to promote women in the labour force.

Mr Abe has made "womenomics" a core part of his "Abenomics" policies, in the hope that bringing more women into the workforce will raise Japan's growth potential. His supporters say he is giving women the kind of public support that has long been missing in Japan, while critics say his measures to make women "shine" are simply vague policies without any teeth.

Kathy Matsui, the Goldman Sachs strategist who coined the term "womenomics", gives Mr Abe "B-plus" for his efforts. She says it is important that he has set targets – such as aiming to have women occupy 30 per cent of senior managerial roles by 2020 – even if they are "very ambitious".

She adds that, since Mr Abe came to power, 750,000 women have joined the labour force, boosting the female participation rate by 3 percentage points to 64 per cent, which is "some evidence of progress".

Keiko Takegawa, head of the gender equality bureau in Japan's cabinet office, says the government is striving to bring the 3.15m women who want to work but are not employed into the workforce. Citing figures from the IMF, she says Japan could increase its per capita gross domestic product by 8 per cent by boosting its female labour force participation rate to the same levels as seen in northern Europe.

The government has introduced numerous measures, ranging from efforts to expand childcare places to urging companies to place at least one woman on each board. In doing so, it hopes to increase the proportion of Japanese women who rise to become *kacho*, "section chief", or to fill more senior positions.

Machiko Osawa, head of the Research Institute for Women and Careers at Japan Women's University, says women hold only 11 per cent of managerial positions in Japan, compared with 43 per cent in the US and 39 per cent in the case of French women.

That difference was highlighted when Christophe Weber, a Frenchman, became the first foreign president of Takeda Pharmaceutical this year. He said: "This is the first time that I don't have a woman in my team." He has spent most of his career at GlaxoSmithKline, where five out of 14 current board members are women. "Gender equality is a top issue in the world, but Japan is not at the front of the pack. It's more at the end."

One reason for the lack of women in senior roles is a male-dominated corporate culture that is much slower in accepting women than other developed countries are. Ms Osawa says that half the Japanese women who quit their jobs said they did so because of a "dead-end feeling".

But for others, the problem is a lack of childcare. On that front, Ms Takegawa says progress has been good. The government hopes to eliminate long waiting lists by 2018 by adding 400,000 nursery school places. She says Japan has added 190,000 places towards an interim goal of 200,000 by April 2015.

This year, childcare benefits were raised from 50 per cent of your last wage to 67 per cent, and for both mothers and fathers for six months. The government wants to change the tax code, which effectively penalises women who return to work after childbirth.

It has also created a scheme called *Nadeshiko Meigara* which rewards companies that provide a more welcoming workplace for women. But the length of the road ahead is illustrated by the fact that only 26 listed companies, including Nissan and Hitachi, made the grade.

While Mr Abe wants corporate Japan to make changes, the government itself has a long way to go.

Only 11 per cent of national politicians are women, and only 3 per cent of senior civil servants are women. "This is the area where we ourselves have the biggest headache," says Ms Takegawa with a laugh.

She says part of the problem is that parliament holds so many sessions for politicians to grill the government that bureaucrats must work late into the night to prepare the answers.

While some welcome the push, others are less impressed. Noriko Hama, an economist who dubbed Mr Abe's signature policy "Ahonomics" – in a play on the Japanese word *aho* which means "fool" – says the policies lack detail and focus on elite women.

She says a more vulnerable group is single mothers trying to make ends meet on low-paid jobs in "black companies".

Sahoko Kaji, an economist at Keio University, says the government has introduced few concrete measures. She thinks things will change in the workplace only after a big cultural shift.

"There is only so much that Mr Abe can do," says Ms Kaji.

"For women to advance, there has to be a significant change in perception among the older generation."

> 'For women to advance, there has to be a change in perception among the older generation'

Additional reporting by Kana Inagaki and Nobuko Juji

Portable rooms and face exercisers look set to win fans

Consumer goods

Recent inventions show the enduring appeal of quirky but ingenious products, writes *Lindsay Whipp*

Some recent inventions serve as a reminder that Japan's appetite for the extraordinary remains undimmed.

The phenomenon of *hikikomori* – young people who stay in their rooms for months, or even years, and live their lives predominantly online – has prompted reams of research that focuses on the problem, but it has also inspired one fashion designer.

Recognising the tendency in himself, Keisuke Nagami developed the theme of a portable room for his clothes, aiming to take the snug, cocoon-like existence of being holed up in an – inevitably small – urban Japanese apartment out on to the streets.

Mr Nagami's Kotatsu Parka takes his portable room concept to a whole new level. The *kotatsu* dates back to the 14th century and is a low table with a heating source beneath it and a quilted cloth sitting between the table top and its leg frame, extending over the laps of those seated around it on the floor.

In Mr Nagami's take on the traditional concept, four specially designed parka jackets, which can be zipped together to form a sort of wearable *kotatsu* although it is made from a stretchy, yet waterproof, material, rather than the quilted fabric that is usually employed over the *kotatsu*.

Mr Nagami's Hatra brand developed the Kotatsu Parka through a collaboration with textile maker Kaytay Texinno, bag designer Yusuke Kagari and stylist-curator Mikiri Hassin. The garment-cum-table warmer can be purchased for Y255,000 ($2,150).

Meanwhile, a completely different Japanese consumer product, which is supposed to exercise facial muscles, caused a stir online this year when it was endorsed by Cristiano Ronaldo. The top-ranked professional footballer appeared in Japanese-only advertisements for the Facial Fitness Pao.

"Finally, I can train my facial muscles," he claims in the print version, though he manages to avoid being filmed actually using the strange-looking product in the commercial.

MTG, the Japanese beauty-product maker behind Facial Fitness Pao, claims the device builds up facial muscles around the mouth that are essential for keeping a youthful smile.

The product has a mouthpiece and two flexible bars with weighted ends that protrude either side, and swing vertically as the user bobs his or her head up and down. The company recommends a 30-second exercise twice a day.

Although the product looks amusing and has attracted humorous comments as well as doubts about its efficacy, sales have been strong, according to MTG.

Four months after its launch the company says that it has sold 300,000 Facial Fitness Paos, more than it had expected.

MTG says it developed the Pao using research on facial muscles presented by Tokyo University, one of Japan's most respected educational and research institutions.

MTG says that the lines around the mouth are the most susceptible to the ageing process and that the average person only uses about 30 per cent of their, roughly, 40 facial muscles.

Popular innovations are often labour-saving devices and, with that in mind, Lotte, the Japanese-Korean conglomerate, is developing a product that could help users change the tune on their playlist without using their hands.

Lotte's project is the Rhythmi-Kamu (a combination of the English word rhythm and *kamu*, the Japanese for bite). Still at prototype stage, the Rhythmi-Kamu uses a sensor device invented by Hiroshima City University professor Kazuhiro Taniguchi, which reads facial muscle movements.

The sensor, when inserted into Lotte's specially designed earphones, also tracks biting and chewing habits and sends the information to a smartphone app that will analyse and visualise the patterns it has recorded.

The device will not only help people better understand the health benefits to be gained from chewing, says Lotte, but also, with some careful and precise biting, enable them to control what they are listening to on their playlist.

The sensor is already being used in a public-private partnership project monitoring the daily lives of elderly participants in Hiroshima.

With Japan being one of the fastest-ageing societies in the world, there is an increasing focus on how technology can contribute to older people's health.

Lotte hopes that data gathered by the Rhythmi-Kamu will prove useful for research in fields including medicine, sports, beauty and education.

Additional reporting by Nobuko Juji

Titans fight back and boost returns to investors

Continued from page 1

. . . " the list went on.

But analysts say there are significant reasons why this new wave of restructuring could last.

They refer to pressure from the administration of Shinzo Abe, prime minister, for companies to raise shareholder returns. Corporate governance was put at the core of the government's latest growth strategy this year, with policy makers pushing three overlapping initiatives.

The first, a new equity benchmark – the JPX-Nikkei 400 – was launched in January to steer funds towards companies with above-average returns on equity and a good record of treating shareholders fairly.

The second, a new stewardship code for institutional investors which came into effect in April, was designed to encourage historically standoffish institutions to challenge investee companies on thorny matters such as low dividends and a lack of independent directors.

More than half of 160 sign-ups so far say they have accepted all seven principles of the code, notes Yoshihiro Tanaka, an executive director at Asuka Asset Management in Tokyo, indicating that they are "sending a strong message" to executives.

The third initiative – Japan's first ever corporate governance code, for companies themselves to sign up to – should be ready by the summer of 2015. The code should serve as "an ignition key" towards "a change in corporate culture", says Mr Tanaka.

A further catalyst for action is the weaker yen. In the two years from mid-November 2012, the Topix electric appliances index has more than doubled, adding Y24.7tn ($209bn) in market capitalisation, according to Bloomberg data. That is testimony to the power of the currency to boost the profits of Japan's companies, as dollar-denominated exports and earnings overseas are converted to yen.

Over the first half of the current financial year to March 2015, only the construction sector – boosted by public-works spending and projects related to the 2020 summer Olympics – delivered better increases in recurring profit than the electrical equipment sector, according to Mizuho Securities.

Y24.7tn	**Y15.5bn**
Topix electric appliances index growth over two years	Amount added to Nintendo's first-half profit by weaker yen

The tumbling yen is no panacea, of course. Many have discovered that more competitive prices, at least on a dollar basis, do not instantly translate to better sales volumes.

Some of the notable laggards of the Abenomics-fuelled market since late 2012 include JVC Kenwood, Pioneer Corp and Sharp. Hitachi Maxell and Japan Display – formed from cast-offs from Sony, Toshiba and Hitachi – both made lukewarm initial public offerings this year, and have since struggled to come close to their opening prices.

Nintendo, the Kyoto-based maker of video games and consoles, is another subpar performer. It said in late October that a weaker yen added Y15.5bn to its first-half profit – equivalent to almost 80 per cent of the annual net income it is forecasting.

But its latest quarter was still wretched in terms of revenues, with falling sales in all software categories and in every hardware category bar the Wii-U.

For inspiration, the laggards could look to Panasonic, whose shares have tripled in the two years since Mr Tsuga took the helm.

Last month R&I, one of the top Japanese rating agencies, upgraded the company to a single-A from single-A minus, noting "shrinking deficits in flagging businesses", solid free cash flow generation and an improving equity ratio.

And in recent public statements, Mr Tsuga said he was considering acquisitions to improve the group's position in the auto parts and white goods market – actions that would have been unthinkable a few years ago.